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# CREDIT SUPPORT TO IRDP

**A Field Study in Uttar Pradesh**

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*Department of Rural Development  
Government of U. P.*

By

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**September 1994**

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## PREFACE

Integrated Rural Development Programme enjoys a pride of place among the various target group oriented poverty alleviation programmes adopted under Five Year Plans. Constant monitoring and evaluation of the programme are required to assess its impact and identify the deficiencies in its implementation. Beside the Concurrent Evaluation which provides an overall state and national level picture, area and issue specific studies are required to get deeper insights into the implementation of the programme, which is likely to be affected by local variations in socio-economic conditions and administrative and financial backup.

The present study is based upon an evaluation of the IRDP in Banda and Rae Bareilly districts of Uttar Pradesh. The main focus of the study is on the quality of credit support to IRDP and the planning of the programme with respect to the ISB sector, though it also looks at the other related issues as well.

The study has been made possible by a grant-in-aid by the Department of Rural Development, Government of Uttar Pradesh. Credit goes to Shri K.R. Bhati, IAS, Former Secretary, Rural Development, U.P. Government and Shri

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September 19, 1994

A. K. Singh

Giri Institute of Development Studies  
Lucknow

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## EXECUTIVE SUMMARY

### The Study

The present study attempts an evaluation of IRDP in Banda and Rae Bareilly districts with particular focus on the quality of credit support and the planning of the programme with respect to the ISB sector. It is based on interviews with government and bank officials concerned with the programme and study of the official records. In addition a field survey of 95 beneficiaries spread over 10 villages of the two districts was carried out to assess the working and impact of the programme at the grass root level.

The main findings of the study are summarized below:

### Programme Formulation

Programme formulation suffers from a number of deficiencies. No attempt has been made to prepare a perspective plan or develop a long term strategy for district plan. Annual planning exercise is carried out in a routine manner. Proper integration of targets and their linking with local resources is hardly attempted. Forward and backward linkages for different schemes are not adequately assured. Sectoral targets are decided in an ad-hoc and mechanical manner. Generally easily identified schemes are selected without much effort at innovation or systematic study of potential or demand survey.



### Targets and Achievements

The targets and achievements show year to year variations. In Banda coverage of beneficiaries has sharply declined over last two years. The utilization of the available funds is quite low. The sub category norms with respect to SC/ST and female beneficiaries have been generally met.

As far as sectoral pattern of assistance is concerned less than 30 per cent of beneficiaries were covered by non-primary sector schemes in Rae Bareli, but in Banda this proportion was around 60 per cent.

The volume of per capita assistance has been going up and was Rs.12,690 in Rae Bareli and Rs.13,159 in Banda districts during 1993-94.

### Implementation Deficiencies

The study revealed a number of deficiencies in the implementation of the programme. The selection of beneficiaries is left largely to the VDO and the meetings of Gaon Sabha are rarely held for this purpose. 12.0 per cent of the beneficiaries in Banda and 4.5 per cent in Rae Bareli had a household income above the poverty line of Rs.11,000. Applications and recommended schemes are prepared in a cursory and routine manner. Only 10 per cent of the sample beneficiaries were provided Vikas Patrika.

The process of obtaining assistance is not without hassels. On an average a beneficiary has to pay 12 visits to various offices before he is able to obtain assistance. A sum of Rs.166 is spent on these visits. The problem of graft was also widely reported specially in Banda district.

Generally beneficiaries were satisfied by the type and quality of asset provided. Less than 10 per cent found the quality as poor. In 10 per cent cases asset was found damaged or missing. Only 27.4 per cent beneficiaries reported that the asset was insured.

The average amount of assistance per sample beneficiary comes to Rs.7684 in Rae Bareli and Rs.10,800 in Banda. Loan component was Rs.4873 and Rs.7153 in the two districts respectively.

A fairly large number of beneficiaries reported that adequate support in terms of input, repair or marketing facilities are not available. Training was provided to hardly 5 per cent of the sample beneficiaries. TRYSEM programme does not seem to be properly linked with IRDP assistance. Little after care support is provided by block or bank officials.

#### Quality of Credit Support

Though the financial infrastructure is fairly widespread, the financial health of the institutions is far

from satisfactory. The RRBs in the two districts have accumulated large losses. The required degree of cooperation between the developmental and financial institutions is very much missing.

The loanees feel harassed by the cumbersome and dilatory procedures in obtaining loan. The overall time taken in sanction and disbursement of loans is nearly 60 days. Only 47.5 per cent of loanees had been issued pass books.

Nearly 54 per cent of the sample beneficiaries reported overdues. As many as 20 per cent had not paid a single instalment, while another 27 per cent had paid less than 20 per cent of loan amount. The problem was found more serious in Banda district.

The beneficiaries were also not properly aware about the amount and period of repayment. Nor regular touch was maintained with them for this purpose.

#### Impact on the Beneficiaries

The various deficiencies of the programme notwithstanding the programme had a favourable impact on the economic condition of the beneficiaries. Nearly 90 per cent of the sample beneficiaries reported a net increase in income. Average net income through IRDP assistance is estimated at Rs.6928. Activities in the tertiary sector were found to be most profitable, while those in primary sector were least so.



On the acid test of crossing the poverty line, the programme does not appear to be very successful as hardly 30 per cent of the assisted families crossed the poverty line.

### Suggestions

With a determined effort to overcome the deficiencies marking the IRDP its performance can be further improved and its benefits enhanced. Much greater attention has to be paid to the plan formulation aspect. Annual plans should be prepared in the light of a long period perspective plan. Backward and forward linkages for different schemes have to be planned in advance. District and block level officials should identify innovative productive schemes in the light of local resources and potential. Village cluster plans should be prepared in detail and household plans should be linked with them.

Concerted efforts are required to tone up the quality of plan implementation. Beneficiaries should be selected in the meetings of the Gaon Sabha. Aim should not be just to fulfil the targets. It may be better if a smaller number but more motivated persons with entrepreneurial potential are selected for assistance. For ensuring the viability of the schemes sustained after care and support must be provided. TRYSEM programme should be closely linked up with asset provision under IRDP. More attention needs to be paid to insurance of assets. Vikas Patrika should be provided to all beneficiaries.

To improve the quality of credit support the financial health of the banking institutions, particularly the RRBs, has to be restored through an indepth analysis of the factors ailing the system. A friendly and cooperative relationship has to be developed between the developmental and banking bureaucracy for smooth working of the plan. Personnel manning the rural bank branches should be highly motivated and trained and should be encouraged to visit the field more frequently.

The procedure for loan sanction and disbursement need to be made simpler and quicker. Timely and regular submission of applications to banks will help in reducing the time lag in scrutiny, etc. Bank pass books should be made available to all the loanees and should be kept uptodate.

Concerted efforts are needed to reduce the level of overdues. Loanees should be properly informed and regularly reminded of the amount and date of instalment payment. Persuasion rather than coercion is needed to deal with the problem of overdues. Monthly meetings at the village level should be organised for this purpose. Repayment also needs to be linked up with the earning cycle of the beneficiary. Government subsidy should be related with the repayment performance of the beneficiary.

Finally, vigilance machinery has to be tightened to minimize the leakages and malpractices.

## CHAPTER I

### INTRODUCTION

#### T.1 The Concept and Philosophy of IRDP

Poverty alleviation has been one of the primary objectives of development planning in India. Among the various target group oriented poverty alleviation programmes conceived and implemented under successive Five Year Plans Integrated Rural Development Programme enjoys a place of pride. Launched in 1978-79 in 2000, its coverage was extended to all the 5011 blocks of the country in October 1980. Since then ever increasing resources have been committed to the programme. In its sheer magnitude IRDP is the biggest poverty alleviation programme attempted anywhere in the world.

IRDP is the culmination of a long process of thinking about and experimenting with rural development in the country. The objective of IRDP is to bring the poor rural households above the poverty line by providing them productive assets and skills for self employment to raise their income levels. The approach is characterized by focus on household as a unit, antodaya or helping the poorest of the poor and self employment. Critics of the programme have raised doubt about the capacity of the poorest of the poor to improve their lot through such distribution of assets (Rath, 1985).



Though conceived essentially as a poverty alleviation programme, the philosophy underlying IRDP emphasizes an integrated approach to overall rural development (Aziz, 1989, p.12; Verma and Singh, 1991, Ch.2; Singh, 1992, Ch.3). For optimum results the household plans have to be integrated with the area development programmes and sectoral schemes. The individual schemes and skills have to be matched with local resources and infrastructure. Thus conceived decentralized micro-level planning provides the operational framework in which IRDP has to be conceptualised and implemented. Such a sectoral and spatial integration has, however, remained the weakest link in the implementation of IRDP. In that sense the title of the programme remains a misnomer.

The philosophy of IRDP is based on the understanding that the process of economic growth in the country has by passed large sections of the people, for whom direct intervention is called for in the form of specific poverty alleviation programmes (Eighth Five Year Plan, Vol.II, p.27). This is a clear indictment of the nature of the development process in the country and its inadequate pace. Without a restructuring of the asset distribution and overall growth strategy such programmes, howsoever well intentioned they may be, cannot overcome the problem of mass poverty. These can be viewed as part of the minimal help strategy followed by the ruling elite "to relieve the immediate distress of the

poor but with no intention or design to bring about an enduring improvement in their position and status in the system" (Rao, 1989, p.2).

## I.2 Achievements of IRDP

Its conceptual weaknesses and operational deficiencies notwithstanding the policy makers have found it necessary due to political considerations to allocate increasingly larger resources to IRDP. During the Seventh Five Year Plan (1985-90) total expenditure on IRDP amounted to Rs.3315.81 crores, while term credit to the tune of Rs.5372.53 crores was mobilized. Over 18 million families were covered under the programme during the Seventh Plan. Of the total schemes for which assistance was given 44 belonged to the primary sector, only 18.5 per cent to the secondary sector and the remaining 37.5 per cent to the tertiary sector.

During the Eighth Five Year Plan it is proposed to enhance the level of per capita assistance besides bringing about operational changes in the strategy of its implementation.

In U.P. total expenditure on IRDP during the Seventh Plan amounted to Rs.312.20 crores. In the Eighth Plan it is proposed to raise the expenditure to 417.50 crores. Yearwise plan outlay and expenditure on IRDP since 1990-91 has been shown in Table I.1. The financial targets have generally been met or exceeded.

Table T.1 : Financial Outlay and Expenditure on IRDP in UP  
(Rs. Crores)

Year	Outlay	Expenditure	Per Cent Utilization
1990-91	81.18	76.75	94.5
1991-92	84.65	84.65	100.0
1992-93	81.75	80.38	98.3
1993-94	77.17	120.43	156.1
1994-95	98.00	-	-

Source : Plan Documents, U.P. Government

Note : The figures are for state share only.

Physical targets and achievements under IRDP in U.P. have been shown in Table T.2. In the Seventh Plan 33.6 lakh beneficiaries were assisted under IRDP in the state, which comes to 18.5 per cent of the total beneficiaries in the country as a whole. In the recent years around 4 to 5 lakh beneficiaries are being covered under the programme annually while one lakh youth are being trained under TRYSEM. The cumulative achievement till 1.4.1994 under IRDP comes to a huge total of 94 lakhs, out of which 41 lakhs (43.6 per cent) belonged to SC/ST category. ISB sector accounted for 37.2 per cent of the total beneficiaries in the state. The Table further shows that the physical targets have normally been met or exceeded as per official records, though during 1993-94 there was a shortfall.



Table I.2 : Physical Achievements Under IRDP in UP

(in Lakhs)

Items	Seventh Plan (1985-90)		1990-91		1991-92		1992-93		1993-94		Cumulative Achievement Till 1.4.94
	Tar-get	Achie-vement	Tar-get	Achie-vement	Tar-get	Achie-vement	Tar-get	Achie-vement	Tar-get	Achie-vement	
Beneficiaries Assisted	31.6	33.6	4.7	5.1	4.4	4.4	4.0	4.0	5.0	4.0	94.0
SC/ST Beneficiaries	10.5	15.8	2.7	2.8	2.6	2.6	2.0	2.0	3.0	2.0	41.0
SC/ST Beneficiaries as % of Total	33.2	47.0	57.4	54.9	59.1	59.1	50.0	50.0	60.0	50.0	43.6
Beneficiaries Assisted under ISB Sector	10.5	17.7	2.1	2.3	2.0	2.0	2.0	2.0	2.0	2.0	35.0
Beneficiaries Assisted Under ISB Sector as % of Total	33.2	52.6	44.7	45.0	45.5	45.5	50.0	50.0	40.0	50.0	37.2
Youth Trained Under TRYSEM	1.8	1.9	0.7	0.6	0.7	0.7	1.0	1.0	1.0	1.0	6.0

Source : Plan Documents, U.P. GovernmentI.3 Limitations and Weaknesses of IRDP

Over the years a large number of official and non-official studies have come out evaluating the working and impact of the IRDP. Among the official studies one may refer

to the evaluation studies conducted by PEO (1985) and NABARD (1984). The individual studies are generally confined to micro level field studies in selected districts. Some of the recent studies are those by Azis (1989), Verma and Singh (1991) and Singh (1992). Reports of the concurrent evaluation of IRDP, with an all India coverage on sample basis are also available for several years.

These studies do show that while IRDP has helped in generating additional income and employment for the beneficiaries the programme suffers from various weaknesses and lacunae at the operational level, and has failed to bring the majority of the beneficiaries above the poverty line. Among the various administrative lapses highlighted by these studies are wrong identification of beneficiaries, leakages and irregularities in distribution of funds, improper maintenance of assets and their sale or death, large overdues, red tapism and delays, inadequate monitoring, lack of follow up, etc. Because of these administrative lapses and lacunae the programme and the official functionaries associated with them have acquired an unsavoury image in the public mind.

The low level of assistance provided and lack of coordination between the developmental and banking officials have further effected the working of the programme and its economic returns.



The studies have also highlighted the inadequacies in conceptualising and operationalising the programme at the field level. Schemes of assistance were not properly identified keeping the skill and aptitudes of the beneficiaries and the resource base and available infrastructure of the area. There was a heavy emphasis on a few schemes like dairying and pump sets. Nor adequate backward and forward linkages essential for the success of the schemes were properly planned and developed. The much flaunted 'integration' aspect was missing from the high sounding Integrated Rural Development Programme. In the absence of such an integration between individual schemes and the area development plan, the viability of the schemes suffered and the economic returns remained low.

#### I.4 The Present Study

A major limitation of the IRDP has been that there has been an overemphasis on easily identifiable schemes in the primary sector, while credit flow to the industry, service and business (ISB) sector has been inadequate with the result that the programme has not contributed adequately to the much needed diversification of the rural economy. The present study, which has been sponsored by the Rural Development Department of the U.P. Government, has been undertaken in this context.



The specific objectives of the study are to examine the following:

1. Whether the targets of the programme have been decided sectorally between primary, secondary and tertiary activities.
2. Whether the sectoral break up has been done in the light of the felt needs and local resources of the district.
3. Whether the schemes have been identified on the basis of the felt needs, local resources, skills and entrepreneurship of the beneficiary.
4. What is the quality of credit support system to TRDP in terms of adequacy of credit, credit-subsidy ratio, easy and speedy availability of credit.
5. The problems faced in distribution of loans to the ISB sector.
6. The impact on income of the beneficiaries through the assets provided.
7. The situation with respect to repayment of the loans.

Thus the focus of the study is on the quality of credit support to TRDP and the planning of the programme with respect to the ISB sector. The concurrent evaluation, which is primarily concerned with quantitative dimensions of the programme, does not capture these qualitative dimensions of the programme planning.

For the purpose of the study two districts of the state, namely, Rae Bareli and Banda were selected. These are relatively backward districts and falling in the Central and Bundelkhand regions of the state represent two distinct geographical and economic scenarios. The districts are also lagging behind other districts in utilization of the TRDP funds, which was only 53.66 per cent and 40.00 per cent of fund released in Rae Bareli and Banda districts during 1993-94 (till February end).

The study is based upon interviews with district level development officials and bank officials and examination of office records at the DRDA, block office and bank branches and the district lead banks. In addition, a field survey was conducted in the two districts to examine the planning and implementation of the programme at the grass-root level. A survey of 95 beneficiaries (45 in Rae Bareli and 50 in Banda) spread over 10 villages of the two districts was also carried out with the help of structured questionnaire to assess the impact of the scheme and to elicit the views of the beneficiaries about the problems faced.

## CHAPTER II

### THE STUDY AREA

#### II.1 Introduction

The working and impact of any development programme is considerably shaped by the physical, social and economic environment of the area. The type of the economic activities which can be promoted successfully will depend upon the resource base and infrastructural facilities. Similarly the implementation of the programme will be affected by quality of the human resources and the socio-cultural milieu prevailing in the area. We, therefore, present in this chapter a brief account of the salient geographical, economic and social features of the study area.

#### II.2 Location

District Banda is located in the Bundelkhand region on the southern border of Uttar Pradesh. The district covers an area of 7624 sq. kms. It is divided into 6 tehsils and 13 Community Development Blocks. There are 1203 inhabited villages in the district. The district receives an annual precipitation of 90.2 cm. with many blocks falling in the drought prone zone. Geographically it shares the features of the southern plateau. About 10 per cent of the area is covered by forests.



Rae Bareli district is located in the Central region of Uttar Pradesh. It covers an area of 4609 sq. kms. There are 6 tehsils, 19 Community Development Blocks and 1786 villages in the district. Geographically the district shares the features of the middle Gangetic plains. The district receives a normal rainfall of 92.3 cm. annually. Forest coverage is hardly 1 per cent of the geographical area. Large patches of usar lands affected by soil alkalinity occur in the district.

### II.3 Demographic Features

According to the Census of 1991 the population of Banda district was 18.62 lakhs and that of Rae Bareli district 23.23 lakh constituting 1.34 and 1.67 per cent of the state population respectively. The density of population is fairly high in Rae Bareli (504 per sq.km.) but comparatively low in Banda district (244 per sq.km.) as the latter district falls in the dry southern plateau. The sex ratio is adverse particularly in Banda where there are only 891 females per 1000 males (Table II.1). The decadal population growth during 1981-91 was 20.67 per cent in Banda and 22.98 per cent in Rae Bareli, which was below the growth of state population. The proportion of Scheduled Caste population is higher in both the districts as compared to the state average.

The degree of urbanization is extremely low in the two districts with nearly 90 per cent population living in the rural areas (Table II.1).

Table II.1 : Population and Demographic Features, 1991

Item	Banda	Rae Bareli	U.P.
1. Area, Sq.Kms. (000)	7624	4609	29441
2. Population (Lakhs):			
Persons	18.62	23.23	1391.12
Males	10.11	12.03	740.37
Females	8.51	11.20	650.75
3. Sex Ratio	841	931	879
4. Density of Population per sq. km.	244	504	472
5. Decadal Growth Rate During 1981-91 (Per Cent)	20.67	22.98	25.16
6. Percentage of Urban Population	12.86	9.04	19.84
7. Percentage of SC Population	23.25	29.86	21.04
8. Literacy Rate (Per Cent)			
Persons	35.70	37.78	40.89
Males	51.50	53.30	55.73
Females	21.01	16.44	25.30
9. Workers Participation Rate (Per Cent)			
Person	36.00	31.50	29.73
Male	51.38	50.53	49.31
Female	17.71	11.07	7.45

Source : 1. Statistical Bulletin, Banda and Rae Bareli, 1992  
Statistical Division, State Planning Institute,  
Uttar Pradesh.

2. Statistical Diary, U.P., 1993, Statistical Division,  
State Planning Institute.



The social backwardness of the study area is reflected in the low literacy rates. Nearly two-thirds of the population is illiterate. Literacy rates are particularly low in case of females (Table II.1).

The work participation rates are higher in the study area as compared to the state average particularly so in the case of females. Thus as compared to the rate of 7.45 per cent in U.P., female work participation rate is 11.07 per cent in Rae Bareli and 17.71 per cent in Banda.

#### II.4 Occupational Pattern

The occupational pattern of the workforce shown in Table II.2 reveals the backward economic structure of the study area. Over 80 per cent of the workers are engaged in the primary sector. The proportion of agricultural labourers is also fairly large. Manufacturing activities are conspicuous by their absence with around 3 per cent and 5 per cent of workers engaged in manufacturing sector in Banda and Rae Bareli respectively. Even household industrial activity is quite rare. In the absence of a productive agriculture and flourishing industry the tertiary sector is also poorly developed.



Table II.2 : Workers Classification According to Occupational Categories

Occupational Categories	Banda	Rae Bareli	U.P.
1. Cultivators	59.31	59.80	53.27
2. Agricultural Labourers	26.47	21.19	18.94
3. Livestock, Forestry, Fishing, Hunting, Plantation & Orchards	0.63	0.63	0.72
4. Mining and Quarrying	0.17	0.03	0.08
Primary Sector	86.58	81.65	73.01
5. a) Household Industry	1.52	1.13	2.41
b) Non-Household Industry	1.63	3.75	5.34
c) Total	3.15	4.88	7.75
6. Construction	0.69	0.78	1.24
Secondary Sector	3.84	5.66	8.99
7. Trade and Commerce	3.67	4.12	6.17
8. Transport, Storage & Communication	0.92	0.98	1.86
9. Other Services	4.99	7.59	9.98
Tertiary Sector	9.58	12.69	18.01
Total Main Workers	100.00	100.00	100.00

Source : Census of India, 1991.

## II.5 Land Distribution

Land distribution gives an idea of the rural structure of a region. Small holdings predominate in both the districts though average size of holding is larger in Banda (1.49 ha.) as compared to Rae Bareli (0.67 ha.). Marginal and small holdings account for about 80 per cent of holdings and 38.20 per cent of area in Banda district. The picture is even more alarming in Rae Bareli district where 94.73 per

Table II.3 : Distribution of Land Holdings by Size Categories

Land Holding size (in ha.)	Banda		Rae Bareli		U.P.	
	Number	Area(ha)	Number	Area(ha)	Number	Area(ha)
Marginal (1.0)	205862 (58.62)	94169 (17.94)	334786 (80.51)	131105 (46.47)	14819282 (73.82)	5653442 (31.43)
Small (1.0 - 2.0)	74936 (21.34)	106328 (20.26)	59060 (14.22)	80908 (28.68)	3118495 (15.54)	4390694 (24.41)
Semi-Small (2.0 - 4.0)	41145 (11.72)	113116 (21.55)	18304 (4.40)	48054 (17.03)	1542525 (7.68)	4205804 (23.38)
Medium (4.0-10.0)	24668 (7.02)	141148 (26.89)	3483 (0.84)	19057 (6.75)	548484 (2.73)	3042002 (16.91)
Large (10.0 +)	4540 (1.30)	70079 (13.36)	202 (0.05)	3023 (1.07)	45246 (0.23)	693990 (3.87)
Total	351151 (100.0)	524840 (100.0)	415835 (100.0)	282147 (100.0)	20074032 (100.0)	17985932 (100.0)
Average Size of Holding		1.49		0.67		0.89

Source : Agriculture Census, U.P., 1990-91

Note : Figures in brackets show percentages



cent of holdings and 75.15 per cent of area falls in these categories (Table II.3). Land distribution is starkly skewed in Banda district, where 8.32 per cent of medium and large holdings account for 40.25 per cent of area. Landlessness is also more extensive in this district. These features have an 'important bearing on the social ethos of the area which is conspicuously feudal in many respects even now.

#### II.6 Agricultural Development

Though agriculture is the mainstay of the economy in the study area, it is still backward and subsistence oriented. The productivity levels are lower than the state average. The gap in yield levels is particularly large in case of Banda district (Table II.4). The major constraint in Banda district is lack of irrigation facilities, while in case of Rae Bareli major constraint is the very small size of holding. Hardly 30 per cent of cropped area is irrigated in Banda, consequently fertilizer consumption is very low and yields are extremely poor. In Rae Bareli nearly 70 per cent of area is irrigated, yet the district is lagging behind in productivity and in other indicators of agricultural development.

#### II.7 Industrial Development

The scenario is all the more dismal with respect to industrial development. There are only 13 registered

Table II.4 : Indicators of Agricultural Development

Item (Unit)	Banda	Rae Bareli	U.P.
1. Per Ha. Yield (1990-91)			
Wheat (Qtls)	10.40	17.70	21.60
Paddy (Qtls)	9.55	16.44	17.75
Sugarcane (Qtls)	388.80	495.00	583.30
2. Gross Value of Agricultural Produce per ha. of Net Sown Area at current price (Rs.) (1988-89)	3803	7476	9485
3. Per Tractor Gross Cropped Area, 1989-90 (Ha.)	382.00	118.90	105.90
4. Per ha. Consumption of Fertilizers, 1990-91 (Kg)	23.1	76.3	87.9
5. Pump Set and Tubewells per 100 ha. of net area sown (Nos.)	3	10	14
6. Percentage of Net Irrigated Area to Net Area Sown, 1991-92 (%)	28.85	69.93	64.17
7. Share of Different Sources of Irrigation (%):			
a) Canals	70.20	46.62	29.03
b) State Tubewells	7.15	5.01	6.89
c) Private Tubewells	8.62	47.44	55.82
d) Others	14.03	0.93	8.26
Total	100.00	100.00	100.00

Source : 1. District-wise Indicators of U. P., Economic and Statistical Division, State Planning Institute.

2. Statistical Bulletins, Banda and Rae Bareli, 1992, State Planning Institute, U.P.

3. Statistical Diary, U.P., 1993.



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factories in Banda and 55 in Rae Bareli, employing 1320 and 13041 workers respectively (Table II.5). The value of industrial output is Rs.693 in Rae Bareli and merely Rs.73 in Banda. The major large scale enterprise located in Rae Bareli is a unit of ITI, a Central Government Undertaking. The base of the SSI Sector is also not very large in the two districts, their number being 2859 and 4243 in Banda and Rae Bareli respectively. The districts also do not possess any well known traditional cottage industry. Due to the absence of any special resource base, low level of local demand and

Table II.5 : Indicators of Industrial Development, 1987-88

Item	Banda	Rae Bareli	U.P.
1. No. of Registered Factories	13	55	7590
2. No. of Workers in Registered Factories	1320	13041	721524
3. Gross Value of Industrial Output (Rs. Lakhs)	1.10	14.63	1296.25
4. Value Added in Registered Industrial Sector (Rs. Lakhs)	0.11	4.18	282.53
5. No. of Factory Workers per Lakh of Population	73	606	568
6. Value of Industrial Output Per Capita (Rs.)	64	693	1091
7. No. of Small Scale Industry Units	2859	4243	312348
8. Workers in Small Scale Industry Units	15836	30316	1845023

Source : Office of Labour Commissioner, U.P. and Directorate of Industry, U.P.

any other locational advantage the efforts at industrial development of the two districts have not bore any encouraging results.

## II.8 Infrastructural Development

Infrastructure plays an important role in facilitating economic development of a region. Table II.6 gives select indicators of socio-economic infrastructure in the study area. In terms of agricultural infrastructure as well as education and health facilities the situation in the two study districts is comparable with the state average. Veterinary facilities are, however, relatively less well developed in the study area in relation to state average. In terms of road length and rural electrification the relative position of Rae Bareli is satisfactory, but Banda is lagging behind.

## II.9 Summing Up

This brief discussion of the socio-economic environment highlights the extreme backwardness of the study region. There is an overwhelming dependence on the agricultural sector with little diversification of the economy. Agriculture itself continues to be traditional and subsistence oriented with low productivity. In such an environment it is extremely difficult to find out and



Table II.6 : Indicators of Socio-Economic Infrastructure, 1990-91

Item	Banda	Rae Bareli	U.P.
1. No. of Bank Branches per Lakh of Population	6.2	5.7	6.3
2. No. of Primary Agricultural Credit Societies per Lakh of Population	6.51	8.97	7.74
3. No. of Land Development Bank Branches per Lakh of Population	0.21	0.43	0.30
4. No. of Co-operative Marketing Societies per Lakh of Population	0.22	0.17	0.19
5. No. of Milk producers Cooperatives per Lakh of Milch Cattle	25	75	78
6. No. of Livestock per Veterinary Hospital	59579	32225	20778
7. No. of Livestock per Stock Men Centre	43330	44194	35244
8. Road Length per 1000 Sq.Km. Area	163.17	331.74	243.78
9. Percentage of Villages Electrified	61.39	100.00	73.35
10. No. of Schools per Lakh of Population:			
Junior Basic School	70.6	52.6	56.0
Senior Basic School	15.6	15.1	11.0
Higher Secondary School	3.6	3.4	4.0
11. No. of Allopathic Hospitals and Dispensaries per Lakh of Population	5.7	4.4	3.6
12. No. of Beds in Hospital/Dispensaries per lakh of population	39.5	35.0	50.28

Source : 1. District-wise Indicators of U. P., Economic and Statistical Division, State Planning Institute.

2. Statistical Bulletins, Banda and Rae Bareli, 1992, State Planning Institute, U.P.

3. Statistical Diary, U.P., 1993.



successfully promote non-agricultural activities either in the secondary or the tertiary sector. In Banda district, where irrigation facilities are limited the scope of even agricultural development is constrained. Dairying presents more promising prospects, but needs strong organizational support in terms of infrastructure and linkages.

There is widespread poverty and illiteracy in the study area, which has bred an attitude of apathy and indifference among the people. The traditional feudal atmosphere still prevails which was found more noticeable in Banda district, where large holdings still predominate. The district is also prone to dacoity, atrocities on the scheduled castes and oppression of the poor. Thus, the social and cultural milieu is not conducive to economic progress and also adversely affects the working of the various development programmes including IRDP.

## CHAPTER III

### PROGRAMME FORMULATION AND IMPLEMENTATION

#### III.1 Introduction

A national level programme like IRDP requires a high degree of sophistication in plan formulation, a committed machinery for implementation and constant monitoring. Even though the programme is supervised and coordinated at the national level by the Ministry of Rural Development, Government of India, its success depends crucially upon the commitment and competence of the state and district level bureaucracy. Though IRDP is a national level programme at the operational level it is essentially a micro level planning exercise. The national level guidelines have to be implemented in the light of the local resources, needs and problems. The quality of implementation of IRDP and its impact are, thus, likely to show considerable variation across districts even in the same state.

In this chapter we have discussed various aspects of programme formulation and implementation in the two districts selected for study. The discussion is based on the study of DRDA records as well as discussions with district level and block level officials and beneficiaries of the selected villages.



### III.2 Physical and Financial Targets and Achievements

#### III.2.1 Beneficiary Coverage

Nearly 10,000 beneficiaries in Rae Bareli district and 6,000 beneficiaries in Banda district are being annually covered under IRDP. However, targets and achievements show year to year variation over the past three years (Table III.1). Normally the overall targets as well as sub-category targets are fully achieved. The proportion of SC/ST

Table III.1 : Beneficiary Covered Under IRDP

(Nos.)

Category	1991-92		1992-93		1993-94	
	Target	Achieve- ment	Target	Achieve- ment	Target	Achieve- ment
<u>A. Rae Bareli District</u>						
Total Bene- ficiaries	9937	10578	8281	8525	9330	10022
SC & ST Bene- ficiaries	5962 (56.00)	6125 (57.90)	4969 (60.00)	4922 (57.74)	4852 (52.00)	5256 (52.44)
Women Bene- ficiaries	3975 (40.00)	4078 (38.55)	3312 (40.00)	3312 (38.85)	3732 (40.00)	3556 (35.48)
<u>B. Banda District</u>						
Total Bene- ficiaries	6581	7068	5485	5663	6179	3816
SC & ST Bene- ficiaries	3949 (60.01)	3714 (52.55)	3291 (60.00)	3403 (60.01)	3213 (52.00)	1915 (50.18)
Women Bene- ficiaries	2633 (40.01)	2674 (37.83)	2194 (40.00)	2253 (39.78)	2472 (40.01)	1349 (35.35)

Note : Figures in brackets show percent to total beneficiaries  
Source : DRDA Records



beneficiaries has varied between 50 to 60 per cent and that of women beneficiaries between 35 and 40 per cent, thus exceeding the minimum required norms as per guidelines. A sharp decrease in the coverage of the programme has, however, been observed in Banda District during 1992-93 and 1993-94 (Table III.1). In the latter year coverage was only 61.8 per cent of the target. Thus the programme is facing difficulties in Banda district as sufficient bank credit could not be mobilized.

### III.2.2 Fund Utilization

Even the funds made available could not be fully utilized. During 1993-94 only Rs.181.88 crores were spent on IRDP out of the available funds of Rs.382.86 crores. In Rae Bareli also only Rs.380.96 crores have been utilized against the available funds of Rs.551.71 crores. The utilization ratio comes to only 47.50 per cent in Banda and 69.05 per cent in Rae Bareli.

### III.2.3 Level of Assistance

In terms of mobilization of funds also the situation in Banda district has been quite unhappy as both loans and subsidy distributed have declined sharply since 1991-92 (Table III.2). In Rae Bareli loan and subsidy distribution has sharply gone up in 1993-94 as compared to the previous two years.

Table III.2 : Total Loan and Subsidy Distributed Under IRDP

(Rs. Lakhs)

Item	1991-92	1992-93	1993-94
<u>A. Rae Bareli District</u>			
1. Loan	750.03	703.65	956.10
2. Subsidy	289.76	219.20	315.70
3. Investment	1039.79	922.85	1271.80
<u>B. Banda District</u>			
1. Loan	410.10	365.40	341.99
2. Subsidy	236.73	197.62	160.17
3. Investment	646.83	563.02	502.16

Source : DRDA Records

The situation with respect to per beneficiary assistance is quite satisfactory. The level of per capita assistance has been sharply going up and amounted to Rs.12690 in Rae Bareli and Rs.13159 in Banda in 1993-94. Bank credit per beneficiary was Rs.9540 and Rs.8962 in the two districts respectively. Subsidy per beneficiary was distinctly higher in Banda district (Rs.4197) as compared to Rae Bareli district (Rs.3150). As a proportion of total assistance subsidy amounted to 24.83 per cent in Rae Bareli and 31.89 per cent in Banda (Table III.3).



Table III.3 : Per Beneficiary Amount of Loan, Subsidy and Investment

(Rs.)

Item	1991-92	1992-93	1993-94
<u>A. Rae Bareli District</u>			
1. Loan	7090(72.13)	8254(76.25)	9540(75.17)
2. Subsidy	2739(27.87)	2571(23.75)	3150(24.83)
3. Investment	9829(100.0)	10825(100.0)	12690(100.0)
<u>B. Banda District</u>			
1. Loan	5802(63.40)	6473(64.97)	8962(68.11)
2. Subsidy	3349(36.60)	3490(35.03)	4197(31.89)
3. Investment	9151(100.0)	9963(100.0)	13159(100.0)

Source : Calculated from DRDA Records

Note : Figures in parentheses show percentages.

The level of per capita investment attained in the study area is roughly comparable to the state average (Rs.13239) and may be regarded as fairly adequate.

### III.3 Sectoral Composition of Beneficiaries

Identification of viable projects for assistance under IRDP is an extremely crucial and at the same time difficult task. Ideally it should take into account the skill and interest of the beneficiary, the resources and potential of the area, existence of local demand and availability of backward and forward linkages. In practice the task is



performed in an ad-hoc and mechanical manner. Mostly easily identified schemes are selected without much effort at innovation. No market surveys are conducted to assess the demand for a particular product in the area or outside. The officials rely on their personal assessment about the viability of a scheme. The breakup of targets for different schemes is usually done in an ad-hoc manner.

The local level functionaries particularly the Village Development Officer, who bears nearly the sole responsibility for identification of beneficiaries and the type of asset to be given to them usually takes into account the background of the beneficiary, who normally tend to opt for assets related to their existing profession or popular activities like milch cattle or shop. Generally the sample beneficiaries expressed satisfaction about the type of asset provided to them.

Table III.4 showing the sectorwise distribution of beneficiaries under IRDP in the two districts bears out the above assessment. In Rae Bareilly district primary sector activities account for more than three-fourths of the total, with very high preference for animal husbandry followed by minor irrigation. In the non-primary sector, tertiary sector activities are more preferred with little emphasis on secondary sector activities.

In Banda district, which is a drought prone area, the sectoral composition of activities selected is much different. Here the demand for milch cattle and pump sets is

much less because of their limited scope due to poor resource base. Tertiary sector schemes are much more popular here followed by secondary sector schemes.

Table III.4 : Sector-wise Distribution of Beneficiaries Under IRDP

Scheme/Sector	1991-92		1992-93		1993-94	
	No.	Percent	No.	Percent	No.	Percent
<u>A. Rae Bareli District</u>						
Agriculture	685	6.48	539	6.32	540	5.39
Minor Irrigation	2155	20.37	1585	18.59	2011	20.07
Animal Husbandry	4975	47.03	4270	50.09	4338	43.28
Primary Sector	7815	73.88	6394	75.00	6889	68.74
Secondary Sector	710	6.71	626	7.34	931	9.29
Tertiary Sector	2053	19.40	1505	17.65	2202	21.97
All Sectors	10578	100.00	8525	100.00	10022	100.00
<u>B. Banda District</u>						
Agriculture	1053	14.90	1049	18.52	555	14.54
Minor Irrigation	383	5.42	618	10.91	382	10.01
Animal Husbandry	789	11.16	1025	18.10	512	13.42
Primary Sector	2225	31.48	2692	47.53	1449	37.97
Secondary Sector	2367	33.49	1233	21.77	1144	29.98
Tertiary Sector	2476	35.03	1738	30.69	1223	32.05
All Sectors	7068	100.00	5663	100.00	3816	100.00

Source : DRDA Records



Thus the particular resource base of the area largely shapes the distribution of beneficiaries across sectors. Hence uniform guidelines cannot be followed in this respect. A case can, however, be made for giving greater thrust to non-primary sector activities in Rae Bareilly district, particularly in the secondary sector.

#### III.4 Plan Formulation

Plan formulation has remained a weak link in decentralized planning. No attempt has been made to prepare a perspective plan for the district and evolve a strategy of development in the light of local resources, needs and potential. Perhaps it is too much to expect this from the district level authorities given the limitation of district level planning machinery and the heavy pressure of work to fulfil the targets.

We did not get any evidence of such an effort at preparing a long term perspective of development in the study area. The annual planning exercise is done in a routine manner. The annual action plan gives activitywise and blockwise breakup of physical and financial targets, which confirm to the targets laid down from above. Proper integration of these targets and their linking with local resources leave much to be desired. Proper forward and backward linkages are also not adequately assured.



Planning and banking authorities are conscious of the need for identifying activities in the secondary and tertiary sectors. However, not much progress has been achieved in this direction, given the overall economic backwardness of the area. In Rae Bareli DRDA authorities have prepared project profiles for industry and business sector in collaboration with DIC, District Manager, NABARD and District Lead Bank. However, the projects cover routine type activities like Shamiana, utensil shop, woollen sweaters, barber shop, photography shop, shoes and chappel shop, TV repair, typing, spice processing, welding, etc.

### III.5 Implementation of the Programme

#### III.5.1 Beneficiary Identification

As per guidelines the beneficiaries are to be identified in the meeting of the Gaon Sabha. Our impression is that such meeting are seldom held for the purpose. In practice it is the local VDO who identifies the beneficiaries and recommends their application. This leaves scope for malpractices leading to wrong identification. We found that 12.0 per cent of the beneficiaries in Banda and 4.5 per cent of beneficiaries in Rae Bareli had a household income above the poverty line of Rs.11000 (Table III.5). These misidentified beneficiaries were either related to block officials or locally influential people. Another factor is that block officials find it difficult to meet the target of

Table III.5 : Distribution of Beneficiaries by Annual Household Income at the time of Assistance

Income Group	Banda	Rae Bareli	Total
Less than 4000	4 ( 8.00)	8 (17.78)	12 (12.63)
4000 - 6000	21 (42.00)	25 (55.56)	46 (48.42)
6000 - 8500	12 (24.00)	6 (13.33)	18 (18.94)
8500 - 11000	7 (14.00)	4 ( 8.89)	11 (11.58)
11000 - 15000	2 ( 4.00)	1 ( 2.22)	3 ( 3.16)
15000 - 20000	2 ( 4.00)	-	2 ( 2.11)
20000 & Above	2 ( 4.00)	1 ( 2.22)	3 ( 3.16)
Total	50(100.0)	45(100.0)	95(100.00)

Note : Figures in parentheses denote percentages

600 beneficiaries per block given the apathy of the villagers to loan based programmes. Much persuasion has to be exercised to make the villagers agreeable to take loan under IRDP. Thus a good proportion of beneficiaries are unwilling even if eligible. This affects the working of the programme adversely.

Applications and recommended schemes are also prepared in a cursory and routine manner. We came across bunches of applications giving same level of household income and same details of the scheme for assistance. Only 10 per cent of the sample beneficiaries were provided Vikas Patrika.



### III.5.2 Problems Faced in Obtaining Assistance

The process of obtaining assistance is not without its hassels. 64.0 per cent of the beneficiaries in Banda and 34.0 per cent of the beneficiaries in Rae Bareli reported that they had to face problems in obtaining bank loan. On an average a beneficiary had to pay 12 visits to various offices before he is able to obtain the asset (Table III.6). On an average a beneficiary had to spent Rs.166 on these visits, in addition to the loss of work or earning elsewhere. The problem of graft in obtaining loans was also widely reported specially in Banda district. About 15 to 20 per cent amount of total assistance isgenerally reported to be shared with bank and block functionaries. These malpractices affect the willingness of the villagers to opt for IRDP assistance.

Table III.6 : Distribution of Beneficiaries According to Average No. of Days Spent on Visiting Various Offices

Offices	Banda	Rae Bareli	Total
Block	4.26	4.24	4.25
Bank	3.66	4.09	3.86
Other Offices	1.56	0.84	1.22
Market	2.10	2.29	2.19
Total	11.58	11.46	11.52



### III.5.3 System of Procurement and Quality of Assets

The system of procurement of assets has been simplified. Now the amount of loan is credited to the account of the beneficiary in the bank and he is free to make purchase of asset according to his own choice. While convenient this system opens chances of misutilization or partial utilization of the assistance. Reservation was expressed by bank officials on the new system of procurement of assets. In Rae Bareli an attempt was made by DRDA authorities to procure better quality milch buffaloes for IRDP beneficiaries from Haryana. This again led to cheating by local middlemen. The quality of imported livestock though better than local livestock was generally not found upto the mark. Further, the poor beneficiaries were not in a position to give adequate feed to the livestock, thereby affecting their milk yield.

About half of the beneficiaries reported that the quality of the asset provided was good, while another 40 per cent found the quality of asset as average (Table III.7). Less than 10 per cent of beneficiaries found the quality of asset as poor.

On the site inspection by the investigating team revealed that in case of 85 (90.5 per cent) of the total 95 sample beneficiaries the asset provided was intact. In 9 cases the asset was not found intact and was reported to be

either dead or was sold off by the beneficiary or was lying damaged.

Table III.7 : Quality of Asset Provided to Beneficiaries

Quality of Asset	Rae Bareli	Banda	Total
Good	21 (46.67)	27 (54.00)	48 (50.53)
Average	20 (44.44)	20 (40.00)	40 (42.11)
Poor	4 ( 8.89)	3 ( 6.00)	7 ( 7.36)
Total	45(100.00)	50(100.00)	95(100.00)

Note : Figures in parentheses give percentages

Only 26 beneficiaries (27.4 per cent) reported that the asset has been insured. Only 10 out of these beneficiaries reported receiving subsidy for insurance of asset. Repayment claim was made by 4 sample beneficiaries, out of which only 1 reported having received the claim. Thus, it appears that insurance aspect is not receiving adequate attention.

#### III.5.4 Adequacy of Assistance

The average amount of assistance received per sample beneficiary comes to Rs.7684 in Rae Bareli and Rs.10,800 in Banda (Table III.8). These figures are considerably lower than the average amount of assistance reported in DRDA



records (Table III.3). It should, however, be mentioned that the average amount of assistance has risen in recent years, particularly during 1993-94, whereas our sample beneficiaries include persons who have received assistance over past 3-4 years.

Table III.8 : Distribution of Beneficiaries According to Average Amount of Assistance, Subsidy and Loan

(Rs.)

Item	Banda	Rae Bareli	Total
Average Amount of Assistance	10800 (100.00)	7684 (100.00)	9324 (100.00)
Average Subsidy	3647 ( 33.77)	2811 ( 36.58)	3251 ( 34.87)
Average Loan Amount	7153 ( 66.23)	4873 ( 63.42)	6073 ( 65.13)

Note : Figures in parentheses indicate percentages.

Average amount of loan per sample beneficiary comes to Rs.4873 in Rae Bareli and Rs.7153 in Banda. Subsidy amount comes to Rs.2811 and Rs.3647 in the two districts respectively constituting around one-third of total assistance (Table III.8).

A much larger proportion of sample beneficiaries in Banda district (88.0 per cent) found assistance sufficient to cover the cost of asset as compared to Rae Bareli (64.4 per cent), where average amount of assistance is lower (Table III.9). The balance cost was financed either through own



Table III.9 : Distribution of Beneficiaries According to Adequacy of the Amount of Assistance to Cover the cost of Asset

(Nos.)

Adequacy of Assistance	Rae Bareli	Banda	Total
Adequate	29 (64.44)	44 (88.00)	73 (76.84)
Not Adequate	16 (35.56)	6 (12.00)	22 (23.16)
Total	45(100.00)	50(100.00)	95(100.00)

Note : Figures in parentheses give percentages

sources or by resorting to borrowing from other sources. Beneficiaries in Banda resorted more to borrowing to cover the gap in cost of asset as compared to those in Rae Bareli, who largely relied on their own sources (Table III.10).

Table III.10 : Distribution of Beneficiaries According to Source of Funding of Balance Cost of Asset

(Nos.)

Source	Rae Bareli	Banda	Total
Own Sources	11 (68.75)	1 (16.67)	12 (54.55)
Borrowing	5 (31.25)	5 (83.33)	10 (45.45)
Total Reporting Gap	16(100.00)	6(100.00)	22(100.00)

Note : Figures in parentheses denote percentages

Around one-third of the sample beneficiaries reported that assistance does not cover working capital requirement (Table III.11). The proportion of such beneficiaries was

negligible in Banda. Most of the beneficiaries arranged for working capital from their own sources. Only 21 per cent beneficiaries had to borrow from other sources to meet their working capital requirement.

Table III.11 : Distribution of Beneficiaries According to Coverage of Working Capital by Assistance Provided

(Nos.)

Extent of Coverage	Rae Bareli	Banda	Total
Covered	19 (42.22)	39 (78.00)	58 (61.05)
Not Covered	15 (33.33)	3 ( 6.00)	18 (18.95)
Not Required	11 (29.45)	8 (16.00)	19 (20.00)
Total	45(100.00)	50(100.00)	95(100.00)

Note : Figures in brackets denote percentages

### III.5.5 Training, Linkages and After Care

The success of IRDP schemes depends considerably on the availability of adequate backward and forward linkages and sustained care and guidance by developmental and banking functionaries. Our study reveals that adequate support in terms of input, repair or marketing facilities are not available to the beneficiaries. As shown in Table III.12 36.0 per cent of sample beneficiaries in Banda and 44.4 per cent in Rae Bareli found the situation about availability of inputs as inadequate. Problem of marketing was reported by



even a larger proportion of beneficiaries<sup>38</sup> - 46.0 per cent in Banda and 53.3 per cent in Rae Bareli. Similarly more than 55 per cent beneficiaries reported lack of repair and maintenance services.

Table III.12 : Distribution of Beneficiaries According to Response About Availability of Infrastructural Facilities

(Nos.)

Type of Facility	Banda				Rae Bareli			
	Adequate	Not Adequate	Not Re-quired	Total	Adequate	Not Adequate	Not Re-quired	Total
Availability of Inputs	17 (34.00)	18 (36.00)	15 (30.00)	50 (100.0)	20 (44.44)	20 (44.44)	5 (11.11)	45 (100.0)
Marketing	19 (38.00)	23 (46.00)	8 (16.00)	50 (100.0)	20 (44.44)	24 (53.33)	1 (2.22)	45 (100.0)
Availability of Repair & Maintenance	13 (26.00)	28 (56.00)	9 (18.00)	50 (100.0)	18 (40.00)	26 (57.78)	1 (2.22)	45 (100.0)

Note : Figures in parentheses show percentages

Training was provided to a very limited number of beneficiaries. Only 4 of the sample beneficiaries in Rae Bareli had received formal training under TRYSEM, while 2 other beneficiaries had received informal training on their own. However, none of the sample beneficiary in Banda had received any type of training. Thus, the TRYSEM programme does not seem to be well linked up with asset provision under IRDP.



After care support and guidance was provided in a very few cases as can be seen from Table III.13. The block level and banking officials think that once loan is distributed their responsibility ends. The emphasis is thus on fulfilling the laid down targets rather than on ensuring fair returns on the asset provided.

Table III.13 : Distribution of Beneficiaries According to Response About Availability of Continued Support by Development Agencies

(Nos.)

Agency	Banda				Rae Bareli			
	Adequ- ate	Not Ad- equate	Not Re- quired	Total	Adequ- ate	Not Ad- equate	Not Re- quired	Total
Government	3 (6.00)	42 (84.00)	5 (10.00)	50 (100.0)	1 (2.22)	24 (53.34)	20 (44.44)	45 (100.0)
Bank	6 (12.00)	39 (78.00)	5 (10.00)	50 (100.0)	1 (2.22)	29 (64.45)	15 (33.33)	45 (100.0)

Note : Figures in brackets show percentages.

### III.5 Conclusion

Our study reveals serious shortcomings in the formulation and implementation of IRDP. The main focus of the developmental authorities is on meeting the physical and financial targets. Even in this respect there have been short-falls and slippages. Plan formulation has remained a

weak link. The annual action plan does not go beyond laying down sector-wise and blockwise targets. The schemes adopted are not based on detailed demand surveys. Nor adequate linkages are sought to be created at the stage of plan formulation. Adequate emphasis is not being paid to the promotion of secondary sector activities for diversifying the rural economy.

The programme is being implemented in a routine and laicadisical manner. Non-eligible persons continue to sneak into the beneficiary group. The beneficiaries selected are often not very willing and on top of that they are made to run from pillar to post. Assistance provided does not cover full cost of asset in many cases. Nor adequate arrangement for working capital is being made. The effectiveness of the programme is further affected by very inadequate support in terms of training, linkages and after care. Complaints of graft are widespread. Vigilance efforts to control it are, however, extremely slack.



## CHAPTER IV

### CREDIT SUPPORT TO IRDP

#### IV.1 Introduction

Institutional credit is a vital link in IRDP. The programme basically runs on the bank loans provided to the selected beneficiaries. The quality of bank credit as reflected in its adequacy, ease and speed and supervision exercised by the bank officials plays a key role in the success of the programme. The financing of a large number of small loanees spread over far flung rural areas is a major challenge before the banking system. In this chapter we make a qualitative appraisal of the credit support system for IRDP in the selected districts. The appraisal relies on the analysis of the secondary data supplied by the banks as well as insights gained from the field study. We first discuss the existing financial infrastructure in the study area.

#### IV.2 Financial Infrastructure

The financial infrastructure consists of the Commercial Banks, Regional Rural Bank, Land Development Bank and District Cooperative Bank. At present 139 branches of these institutions are working in Banda district and 165 in Rae Bareilly district (Table IV.1). There is only one branch



Table V.1 : Number of Bank Branches, 1991-92

Institutions	<u>Banda</u>		<u>Rae Bareli</u>	
	No.	Population per Branch	No.	Population per Branch
Commercial Banks	23	53,200	54	43,018
Regional Rural Bank	83	22,434	74	31,392
Land Development Bank	4	4,65,500	7	3,31,857
District Cooperative Bank	17	1,09,529	30	77,433
Total	127	13,396	165	14,079

Source : District Credit Plan, Banda and Rae Bareli, 1992-93

of Commercial Bank for 53,000 persons in Banda and 43,000 persons in Rae Bareli as against the state average of 26,000. Similarly there is one branch of Regional Rural Bank for 22,000 persons in Banda and 33,000 persons in Rae Bareli (Table IV.2) against state average of 45,000.

The working of the main financial institutions has been briefly discussed below.

#### IV.2.1 Commercial Banks

The performane of Commercial Banks in the two districts during 1990 and 1991 has been shown in Table IV.2. Performance of the Commercial Banks in Banda is relatively

poor as compared to Rae Bareilly district in terms of total and per capital credit as well as credit deposit ratio. The share of the priority sector in total credit is very high in both the districts, specially so in Banda. This in a way reflects the low level of demand for credit and lack of investment opportunities in the study area given their overall backwardness.

Table IV.2 : Performance of Commercial Banks in Banda and Rae Bareilly Districts, 1990 and 1991

(Rs. in Lakhs)

Particulars	Banda		Rae Bareilly	
	1990	1991	1990	1991
Total Deposits	9786	12892	22545	22249
Total Credit	5649	5826	12380	13012
Credit Deposit Ratio	57.73	45.20	54.91	58.48
Disbursement of Credit to Priority Sectors	4815	5105	7481	8620
(a) Agriculture	2067	2165	3650	4079
(b) Industry	746	784	1684	639
(c) Others	200	2156	2147	3902
Percentage of credit under Priority Sector to Total Credit Disbursed	85.23	87.61	60.43	66.25
Per Capita Credit (Rs.)	293	380	1195	1179
Per Capita Deposits (Rs.)	507	840	656	690
Per Capita Credit in Priority Sector	250	333	397	457

Source : Statistical Bulletin, Banda and Rae Bareilly, 1992, Economic and Statistics Division, State Planning Institute, U. P.



#### IV.2.2 Regional Rural Banks

The Tulsi Gramin Bank, Banda sponsored by Allahabad Bank was established in 1981 under Regional Rural Bank Act, 1976. The bank has 83 branches, 82 of which are located in the rural areas. Table IV.3 shows the working results of the bank during last three years. The financial health of the bank is not good. It has been continuously incurring losses. The accumulated losses amounted to Rs.775.84 lakhs on 31.3.93. The bank has been identified among the sick RRBs, which need to be restructured.

Table IV.3 : Working Results of Tulsi Gramin Bank, Banda  
(Rs. in Lakhs)

Particulars	As on 31.3.91	As on 31.3.92	As on 31.3.93
No. of Branches	83	83	83
Deposits	2585.07	2988.05	3501.17
Advances	1605.74	1848.71	2096.44
Credit Deposit Ratio (%)	62.15	61.87	59.88
Paid up Capital	50.00	50.00	58.75
Working Fund	3359	3887	4431
Total Income	235.05	263.87	298.29
Total Expenditure	325.42	430.83	520.46
Profit/Loss	- 90.37	-166.96	-222.17
Accumulated Loss	-386.71	-553.67	-775.84

Source : Tulsi Gramin Bank, Banda, Annual Reports



Rae Bareli Kshetriya Gramin Bank, sponsored by Bank of Baroda was established in 1976. It operates through its 74 branches, out of which 5 are located in semi-urban areas and the rest in rural areas. The working results of the bank during the last three years have been shown in Table IV.4. The deposits of the bank have been going up but advances show a stagnant trend. As a result credit-deposit ratio has come down from 46 per cent in 1989-90 to 36 per cent in 1991-92. The bank has been incurring recurring losses, which amounted to a hefty Rs.361.68 lakhs during 1991-92.

Table IV.4 : Working Results of Rae Bareli Kshetriya Gramin Bank

Particulars	(Rs. in Lakhs)		
	As on 31.3.90	As on 31.3.91	As on 31.3.92
No. of Branches	74	74	74
Paid up Capital	50.00	75.00	75.00
Deposits	3495.50	4074.61	4579.48
Advances	1610.37	1519.15	1658.85
Credit Deposit Ratio (%)	46	37	36
Total Income	313.50	428.30	499.85
Total Expenditure	434.50	497.72	861.53
Profit/Loss	-121.00	- 69.42	-361.68

Source : Rae Bareli Kshetriya Gramin Bank, Annual Reports

### IV.2.3 District Cooperative Bank

There are 17 branches of the District Cooperative Bank in Banda as compared to 30 in Rae Bareli. The performance of the District Cooperative Bank in the two districts has been shown in Table IV.5.

Table IV.5 : Performance of District Cooperative Bank in Banda and Rae Bareli Districts During 1990-91 and 1991-92

(Rs. in Lakhs)

Particulars	Banda		Rae Bareli	
	1990-91	1991-92	1990-91	1991-92
No. of Branches	17	17	29	30
Members	213( 12)	215( 13)	445( 15)	448( 15)
Share Capital	229( 13)	235( 14)	192( 6)	194( 6)
Working Capital	2113(124)	2197(129)	3182(109)	4058(135)
Amount of Loan Disbursed	601( 35)	621( 36)	444( 15)	873( 29)
(a) Short Term	327( 19)	611( 35)	424( 14)	825( 27)
(b) Medium Term	274( 16)	10(0.58)	20(0.7)	48(1.6)

Source : Statistical Bulletin, Banda and Rae Bareli Districts, 1992, Economic and Statistic Division, State Planning Institute, U. P.

Note : Figures in brackets denote per branch amount

#### IV.2.4 Land Development Bank

District Banda has only 4 branches of Land Development Bank as compared to 7 branches in Rae Bareli. Performance of LDBs in the two districts has been shown in Table IV.6.

Table IV.6 : Performance of Land Development Bank in Banda & Rae Bareli Districts During 1990-91 and 1991-92

(Rs. in Lakhs)

Particulars	Banda		Rae Bareli	
	1990-91	1991-92	1990-91	1991-92
No. of Branches	4	4	7	7
Members	11035 (2758)	11105 (2776)	22629 (3232)	23449 (3349)
Share Capital (Rs.)	43 (10)	45 (11)	54 (7)	67 (16)
Working Capital (Rs.)	429 (107)	429 (107)	764 (109)	1072 (153)
Amount of Loan (Rs.)	474 (118)	497 (124)	289 (42)	465 (66)

Source : Statistical Bulletin, Banda & Rae Bareli Districts, 1992, Economic and Statistic Division, State Planning Institute, U. P.

Note : Figures in brackets denote per branch amount



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Source : Statistical Bulletin, Banda & Rae Bareli Districts, 1992, Economic and Statistic Division, State Planning Institute, U. P.

Note : Figures in brackets denote per branch amount

#### IV.3 Priority Sector Lending

Priority sector lending is the key instrument through which the financial institutions strive to promote the social objectives. Total priority sector lending by all banks under

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annual credit plan in Banda district amounted to Rs.13.02 crores in 1990-91 and Rs.15.07 crores in 1991-92 but fell to Rs.12.37 crores in 1992-93 (Table IV.7). The primary sector still accounts for the bulk of priority lending though its share has been declining. The share of secondary and tertiary sectors in priority lending has maintained an upward trend indicating greater emphasis on these sectors during the recent period.

Table VI.7 : Loan Disbursement by All Banks Under Annual Credit Plan, Banda

(Rs. in Lakhs)

Sector	1990-91	1991-92	1992-93
Primary	1037.30(79.69)	1151.21(76.38)	875.49(70.76)
Secondary	116.67( 8.96)	129.27( 8.58)	146.32(11.82)
Tertiary	147.71(11.35)	226.74(15.04)	215.49(17.42)
Total Priority Sectors	1301.68(100.0)	1507.22(100.0)	1237.30(100.0)

Source : District Credit Plan, Lead Bank, Banda, 1993-94

Note : Figures in brackets show percentages.

Priority sector lending in Rae Bareilly amounted to Rs.18.33 crores in 1989-90 and Rs.16.84 crores in 1990-91. Nearly 80 per cent of the priority sector lending in 1990-91 went to agricultural sector while the share of industry was a paltry 8.6 per cent and that of services 12.6 per cent (Table IV.8).

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Table IV.8 : Loan Disbursement by All Banks Under Annual Credit Plan, Rae Bareilly

(Rs. in Lakhs)

Sector	1989-90	1990-91	1991-92
Agriculture	1323.27(72.19)	1328.46(78.87)	N.A.
Industry	203.64(11.11)	144.26( 8.57)	N.A.
Service	306.05(16.70)	211.45(12.56)	N.A.
Total	1832.96(100.0)	1684.17(100.0)	N.A.

Source : District Credit Plan, Lead Bank, Rae Bareilly

Note : Figures in brackets show percentages.

#### IV.4 IRDP Loaning

Data on IRDP loaning by all banks have been presented in Chapter III. Here we discuss IRDP loaning by the RRBs of the two districts, which is the main agency concerned with rural development. Total loaning under IRDP by Tulsi Gramin Bank, Banda has been increasing over the years but the number

Table IV.9 : Loan Disbursed Under IRDP by Tulsi Gramin Bank, Banda

Year	No. of Accounts	Amount (Rs.in Lakhs)	Amount per Borrower (in Rs.)
1990-91	1449	80.15	5531
1991-92	4781	251.68	5264
1992-93	4335	290.90	6710

Source : Annual Reports, Tulsi Gramin Bank, Banda



of beneficiaries has declined (Table IV.9). The picture is even less satisfactory in case of Rae Bareilly district, where total lending as well as beneficiary coverage has declined since 1990-91 (Table IV.10).

Table IV.10 : Loan Disbursed Under IRDP by Rae Bareilly Kshetriya Gramin Bank

Year	No. of Accounts	Amount (Rs. in Lakhs)	Amount per Borrower (in Rs.)
1990-91	6296	245.12	3893
1991-92	5111	253.70	4964
1992-93	3962	211.49	5338

Source : Annual Reports, Rae Bareilly Kshetriya Gramin Bank

It will be further observed that per borrower lending under IRDP has been going up, but at the cost of coverage of beneficiaries. Per borrower lending amount is comparatively larger in Banda, where non-agricultural lending is relatively more. But the level of per borrower lending by RRBs under IRDP is distinctly lower than the figures reported for all banks by DRDA. This gap needs to be looked into more deeply by the concerned authorities.

Clearly the unhealthy financial position of the RRBs is affecting the programme of IRDP lending adversely in the districts under study.

#### IV.5 Recovery of Loans

One of the most unsatisfactory aspect of the IRDP lending has been the low recovery of loans. The debt relief announced by the Central Government in the early nineties had a very damaging effect on the banking system. It also affected the psychology of the rural borrowers towards the obligation of repayment of loans and lowered the morale of the banking personnel. The consequent deterioration in the financial position of the banks coupled with the chocking of the refinance channels had a serious ill effect on IRDP lending. These problems also came to light during our field investigation.

The recovery proportion under IRDP loaning by Tulsi Gramin Bank, Banda was as low as 41 per cent in 1991-92 and improved somewhat to 54 per cent during 1992-93 (Table IV.11).

Table IV.11 : Recovery Position Under IRDP for Tulsi Gramin Bank, Banda

(Rs. in Lakhs)

Year	Total Demand	Total Collections	Recovery Percentage
1991-92	461.44	190.45	41
1992-93	533.33	288.25	54

Source : Records of Tulsi Gramin Bank, Banda

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As reported by LDB officials of the district total collection for all banking institutions during 1992-93 amounted to Rs.13.74 crores, which was only 42.2 per cent of the total demand of Rs.32.54 crores. TRDP overdues were reported to be 37 per cent of total overdues. As on 31.6.93 as many as 40970 recovery cases involving an amount of Rs.12.78 crores were filed.

In Rae Bareli also the position was hardly different, recovery percentage for total priority sector lending being 57.5 per cent. Out of the total overdues of Rs.6.39 crores, 43.22 per cent were overdue for a period upto 1 year, 23.6 per cent for 1 to 3 years and 54.42 per cent for over 3 years (Table IV.12). 7870 recovery cases involving an amount of Rs.3.97 crores are pending before the revenue authorities in the district.

Table IV.12 : Recovery of Advances Under Priority Sector for the Year ended June 1993, Rae Bareli District

Particulars	No. of Borrowers	Amount (in '000)	Per Borrower Amount (in Rs.)
Total Demand	23785	150510	6328
Total Collection	13477	86614	6426
Recovery Percentage	56.67	57.54	-
<u>Over Dues:</u>			
(1) Upto 1 Year	3612	27619	7646
(2) 1 - 3 Years	3051	15089	4946
(3) More than 3 years	3645	21188	5813
Total Priority Sector	10308	63896	6199

Source : Lead Bank Office, Rae Bareli



The impression that we gathered from the field visits is that sufficient motivation to realise the loans is missing among the banking authorities. The loanees are not well informed about the amount of repayment instalment or the due date of instalment. Neither notices are issued on a regular or systematic basis nor an attempt is made to personally contact the loanees in this regard. As a result even those beneficiaries who are in a position to repay tend to be slack about repayment obligation. The occasional resort to coercive methods for realisation of loans often proves to be counter-productive and builds a resistance in the rural people towards the loan based programmes. It is our feeling that some systematic effort at persuasion by bank and block officials will sharply improve the position regarding repayment of loans. Monthly meetings at the village level may, therefore, be organized for this purpose. Repayment should further be linked with the earning cycle of the beneficiary. For instance, in Chitrakut block bulk of sale takes place on the occasion of monthly mela on amavasya day. Bank officials can visit beneficiaries at that time to collect the monthly instalment.

#### IV.6 Coordination Between Developmental and Financial Institutions

For a credit based programme like TRDP a high degree of coordination is required between the developmental and

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financial institutions. Unfortunately, the things are far from happy in this respect in the study area. This is one of the major factors affecting the implementation of the programme. The district officials blame the bank officials for lack of a cooperative attitude and for being too conservative in their approach to lending. The bank officials, on their part, put the blame on district officials for delay in sending the applications, ill prepared applications and non cooperation in realisation of arrears. Vigilance enquiries instituted against some bank officials have created an atmosphere of tension. A more understanding and cooperative approach between the developmental and banking bureaucracy is badly needed to improve the quality of implementation of IRDP and other programmes at the district level.

#### IV.7 Analysis of the Survey Results

After looking at the general position of banking institutions as revealed from secondary data and discussions with concerned officials, we may now look at their working from the point of view of the beneficiaries as gathered from the field survey.

##### IV.7.1 Distance From the Village

The network of bank branches is now fairly extensive. In case of as many as 62 per cent beneficiaries the bank branch from where loan was taken was located within 5 Kms. from the village, which is a reasonably convenient distance.

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In case of another 33.7 per cent beneficiaries bank branch was within 5 to 10 kms. from the village. On the whole access to banking facilities was relatively better in Rae Bareli district as compared to Banda district, which is sparsely populated (Table IV.13).

Table IV.13 : Distance of the Bank Branch from Beneficiaries' Village

Distance	Banda	Rae Bareli	Total
Upto 2 Kms.	6 (12.00)	23 (51.11)	29 (30.53)
2 - 5 Kms.	27 (54.00)	3 ( 6.67)	30 (31.50)
5 - 10 Kms.	13 (26.00)	19 (42.22)	32 (33.68)
10 & Above	4 ( 8.00)	-	4 ( 4.21)
Total	50(100.00)	45(100.00)	95(100.00)

Note : Figures in parentheses denote percentage

#### IV.7.2 Delays in Sanction and Disbursement of Loans

We have already reported that a beneficiary has to pay on an average 4 visits to the banks to obtain the loan. The overall time taken in the loaning process is nearly 2 months. It was observed that the applications are forwarded by the block office within a day or two of receipt though without proper scrutiny to the concerned bank. Banks take around 45 days in scrutinizing the applications and sanctioning the loan, while another 10 days are taken in actual disbursement



of loans (Table IV.14). The asset is generally purchased within two weeks of loan disbursement. The period of purchase was distinctly longer in Rae Bareli. We may recall that in the latter district milch cattle were purchased from as far as Haryana.

Table IV.14 : Delays in Sanction and Disbursement of Loans  
(No. of Days)

Item	Banda	Rae Bareli	Total
Gap between Forwarding of Application & Sanction of Loan	43.00	48.80	45.75
Gap between Date of Sanction & Date of Disbursement	8.50	14.56	11.37
Gap between Date of Disbursement & Purchase of Asset	9.96	25.49	17.32
Total	61.46	88.84	74.43

A major reason of delay in processing of application by bank officials is that applications are often sent in a bunch together by block officials. If applications are sent in a properly phased out manner it may help in reducing the process of their scrutiny and sanction.

Another important lapse which came to light during our survey was that only 45 (47.4 per cent) of the 95 sample beneficiaries reported having received the pass book.

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### IV.7.3 Repayment Performance of Beneficiaries

We may now analyse the repayment behaviour of the sample beneficiaries. The average amount repaid at the time of field survey was Rs.1731 in Banda and Rs.1448 in Rae Bareli. As a proportion of total loan per beneficiary the amount repaid came to 24.20 per cent and 29.71 per cent respectively for the two districts. The distribution of the beneficiaries according to the percentage of loan repaid has been shown in Table IV.15. As many as 20 per cent of the sample beneficiaries have not repaid a single instalment so far, while in another 27 per cent cases less than 20 per cent of loan amount has been repaid. Hardly 20 per cent beneficiaries have repaid more than 60 per cent of the loan.

Table IV.15 : Distribution of Beneficiaries According to Per Cent of Loan Repaid

District	Per Cent of Loan Repaid						(Nos.)
	Nil	1-20	20-40	40-60	60-80	80-100	
Banda	3 (6.00)	18 (36.00)	12 (24.00)	8 (16.00)	7 (14.00)	2 (4.00)	50 (100.00)
Rae Bareli	15 (33.33)	8 (17.78)	5 (11.11)	6 (13.33)	4 (8.89)	7 (15.56)	45 (100.00)
Total	18 (18.95)	26 (27.37)	17 (17.89)	14 (14.79)	11 (11.58)	9 (9.47)	95 (100.00)

Note : Figures in parentheses denote percentages.

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Table IV.17 : Distribution of Beneficiaries According to Amount Overdue

Amount of Overdues (Rs.)	Banda	Rae Bareli	Total
Upto 1000	9 (27.27)	8 (47.06)	17 (34.00)
1000 - 3000	18 (54.54)	4 (23.52)	22 (44.00)
3000 - 5000	4 (12.12)	4 (23.52)	8 (16.00)
5000 & Above	2 ( 6.07)	1 ( 5.89)	3 ( 6.00)
Total	33(100.00)	17(100.00)	50(100.00)
Average Amount (Rs.)	1368.00	752.00	1076.00

Note : Figures in parentheses denote percentages

It will be observed that in Banda district the problem of overdues is more serious both in terms of persons reporting overdues and the amount of overdues. This was in spite of the fact that income generation was reported to be higher in this district. We can relate the extent of overdues to the social milieu of the district which was found to be more feudal and dominated by larger holdings. Hence, the extent of wilful neglect seems to be larger in this district.

#### IV.8 Conclusion

The financial infrastructure is fairly widespread in the study area. However, the credit-deposit ratio is quite

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low reflecting the limited investment opportunities in the region. The financial health of the Regional Rural Banks in both the districts is quite poor and they are continuously incurring losses. This is affecting the lending programme of these institutions. Primary sector accounts for over 70 per cent of total priority sector lending, while the share of the secondary sector is hardly around 10 per cent. Per borrower lending under IRDP has gone up in recent years, but it has been at the cost of beneficiary coverage, which has declined. The required cooperation between the developmental and banking bureaucracy is missing, which is affecting the programme implementation adversely.

The loanees feel harassed by the cumbersome and dilatory procedures in obtaining loan. Sanction of loan nearly takes two months. There is a need to make the process of loan sanction and disbursement simpler and quick. Complaints of graft are also frequently made. Though the loan amount per borrower has been going up in recent years, it falls short of the project cost in many cases. Nor adequate arrangement for working capital are made. Bank pass books are not made available in a large number of cases. The credit support system needs to be streamlined so as to remove these shortcomings.

Adequate attention is not being paid to recovery aspects. As a result the proportion of overdues is quite high. Occasional recourse to coercive methods for loan

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recovery often proves to be counter productive. A more sympathetic approach and regular personal touch by banking officials with the loanees can go a long way in improving the recovery percentage. Attention also needs to be paid to the socio-political environment, which is not conducive to loan repayment and encourages wilful default.

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## CHAPTER V

### IMPACT ON THE BENEFICIARIES

#### V.1 Study Design

A field survey of 95 beneficiaries spread over 9 villages of the two districts was carried out to assess the impact of the programme on the beneficiaries and to elicit their views about the problems faced by them at different levels and to assess various aspects of implementation of the programme at the field level.

Rapid survey technique was used for the field survey. The sample design was governed by the consideration of time, while making an effort to capture the diversity of the situation. In first stage two blocks representing different situations were selected from each of the two districts surveyed. The study covered Karvi and Pahari blocks of Banda district and Rahi and Harchandpur blocks of Rae Bareilly district. Karvi block, in which the famous holy place of Chitrakoot is located, is a relatively developed block, while Pahari block falling in the drought prone belt is relatively backward. Similarly Rahi block is located near the district headquarter of Rae Bareilly, while Harchandpur is relatively far off.

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In the second stage from each block 2-3 villages in a cluster were selected randomly. The study team visited each of the selected villages for a day or two and contacted the IRDP beneficiaries, who were available in the village, taking care that beneficiaries assisted under various types of schemes are fairly represented. The sample design is thus expected to capture different types of situations of the villages as well as different types of schemes. The beneficiaries were interviewed in depth with the help of a detailed questionnaire.

Our total sample thus consists of 95 beneficiaries spread over 9 villages and 4 blocks across the two districts. Details of the sample design are shown in Table V.1.

Table V.1 : Details of the Sample Design

District	Block	Village	No. of Beneficiaries selected
Banda	Karvi	Khohi	20
		Karvi Mafi	14
	Pahari	Nandi	11
		Toura	5
Rae Bareli	Rahi	Jagdishpur	6
		Bandra Mau	6
	Harchandpur	Shora	8
		Kandura	16
		Tanda	9
Total	Two	Four	Nine
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Distribution of beneficiaries interviewed according to the period of loan sanction has been shown in Table V.2. Out of the 95 cases 20 were sanctioned loan during 1991, 28 during 1992, 36 during 1993 and 11 during 1994. Thus for the majority of respondents 2 to 3 years have passed since the sanction of IRDP assistance.

Table V.2 : Distribution of Beneficiaries According to Period of Loan Sanction (Nos.)

Period of Loan Sanction	Banda	Rae Bareli	Total
July '91 to Dec.'91	8 (16.00)	12 (26.67)	20 (21.05)
Jan. '92 to June'92	9 (18.00)	5 (11.11)	14 (14.74)
July '92 to Dec.'92	8 (16.00)	6 (13.33)	14 (14.74)
Jan. '93 to June'93	4 ( 8.00)	2 ( 4.44)	6 ( 6.31)
July '93 to Dec.'93	17 (34.00)	13 (28.89)	30 (31.58)
Jan. '94 to June'94	4 ( 8.00)	7 (15.56)	11 (11.58)
Total Beneficiaries	50(100.00)	45(100.00)	95(1000.0)

Note : Figures in brackets denote percentages

Of the total beneficiaries 37 (38.95 per cent) had received assistance for primary sector activities, 5 (2.26 per cent) for secondary sector activities and 53 (55.79 per cent) for tertiary activities (Table V.3). However, the pattern of assistance was starkly different in the two districts. In Banda district where scope for irrigation and animal husbandry is limited the primary sector schemes were

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adopted by only 24 per cent of the cases, whereas 72 per cent beneficiaries received assistance for tertiary sector activities. On the other hand in Rae Bareilly district a much larger proportion received assistance for animal husbandry and irrigation. The proportion of beneficiaries undertaking secondary sector activities was found to be negligible. The

Table V.3 : Sector and Scheme-wise Classification of the Families Assisted

Sector/Scheme	Banda	Rae Bareilly	Total
Irrigation	5 (10.00)	8 (17.78)	13 (13.69)
Milch Animal	6 (12.00)	14 (31.11)	20 (21.01)
Piggery	1 ( 2.00)	3 ( 6.66)	4 ( 4.21)
<u>Primary Sector</u>	12 (24.00)	25 (55.55)	37 (38.95)
Village Industry	2 ( 4.00)	-	2 ( 2.10)
Chikan Work	-	3 ( 6.67)	3 ( 3.15)
<u>Secondary Sector</u>	2 ( 4.00)	3 ( 6.67)	5 ( 5.26)
Tailoring	1 ( 2.00)	5 (11.11)	6 ( 6.34)
Shops/Trade	35 (70.00)	11 (24.44)	46 (48.43)
Dunlop Cart	-	1 ( 2.22)	1 ( 1.05)
<u>Tertiary Sector</u>	36 (72.00)	17 (37.78)	53 (55.79)
Grand Total	50 (100.0)	45 (100.0)	95 (100.0)

Note : Figures in brackets denote percentages.

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nature of activities was also not much diversified, shops/trade, milch animal and pump sets were found to be the most popular activities.

## V.2 Characteristics of the Beneficiaries

Before analysing the impact of the programme on the beneficiary households it would be proper to look at their socio-economic characteristics. The discussion focuses upon the occupation, household size, asset position and literacy levels of the beneficiaries.

### V.2.1 Occupation

Over half (53.68 per cent) of the sample beneficiaries belonged to the primary sector and nearly two-fifths (38.95 per cent) to the tertiary sector. Hardly 7.37 per cent of the beneficiaries had industry as their primary occupation (Table V.4). Trade/Shop was the main occupation for the largest proportion followed by cultivation in both the districts. The business classes are more than proportionately represented in the sample. Thus the main benefit of IRDP is going to the business and cultivating classes, whereas the really assetless population like agricultural labourers, fisherman or artisans are being neglected.

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Table V.4 : Distribution of Beneficiaries According to Occupation

Occupation	(Nos)		
	Banda	Rae Bareli	Total
Cultivator	19 (38.00)	13 (28.89)	32 (33.68)
Agricultural Labour	8 (16.00)	10 (22.22)	18 (18.95)
Fishery	-	1 ( 2.22)	1 ( 1.05)
Primary Sector	27 (52.00)	24 (53.33)	51 (53.68)
Household Industry	2 ( 8.00)	5 (11.11)	7 ( 7.37)
Secondary Sector	2 ( 8.00)	5 (11.11)	7 ( 7.37)
Trade/Shop	21 (42.00)	15 (33.33)	36 (37.90)
Service	-	1 ( 2.22)	1 ( 1.05)
Tertiary Sector	21 (42.00)	16 (35.55)	37 (38.95)
Grand Total	50 (100.0)	45 (100.0)	95 (100.0)

Note : Figures in brackets show percentages.

#### V.2.2 Caste

Looking at the caste composition we found that in Rae Bareli 53.33 per cent of sample households belonged to SC/ST, while another 28.89 per cent were from backward castes (Table V.5). However, in Banda district the proportion of SC/ST households among sample beneficiaries was only 26.00 per cent.

Table V.5 : Distribution of Beneficiaries by Caste  
(Nos.)

Caste	Banda District	Rae Bareli District	Total
SC/ST	13 (26.00)	24 (53.33)	37 (38.95)
Backward	24 (48.00)	13 (28.89)	37 (38.95)
Others	13 (26.00)	3 ( 6.67)	16 (16.84)
Muslims	-	5 (11.11)	5 ( 5.26)
Total	50(100.00)	45(100.00)	95(100.00)

Note : Figures in brackets denote percentages

#### V.2.3. Sex

The sex composition of sample beneficiaries was also found to be unfavourable in Banda. Thus female beneficiaries accounted for only 22 per cent of the sample in Banda as compared to the figure of 40 per cent in Rae Bareli (Table V.6). It may, however, be added that in most of the cases the female beneficiary is associated with the scheme only for namesake.

Table V.6 : Distribution of Beneficiaries by Sex  
(Nos.)

Sex	Banda	Rae Bareli	Total
Male	39 (78.00)	27 (60.00)	66 (69.47)
Female	11 (22.00)	18 (40.00)	29 (30.53)
Total	50 (100.0)	45 (100.0)	95 (100.0)

Note : Figures in brackets denote percentages



### V.2.4 Literacy

About 50 per cent of the sample households were illiterate, while about 16 per cent were literate, rest being educated upto different levels. The educational profile of the beneficiaries was found to be better in Banda district as compared to Rae Bareli. 24 per cent of the beneficiaries in the former district had received education upto higher secondary level or above as compared to only 11 per cent in the latter district (Table V.7).

Table V.7 : Distribution of Beneficiaries by Education Levels

Education Level	(Nos.)		
	Banda District	Rae Bareli District	Total
Illiterate	23 (46.00)	25 (55.56)	48 (50.53)
Literate	5 (10.00)	10 (22.22)	15 (15.79)
Primary	7 (14.00)	4 ( 8.89)	11 (11.58)
Secondary	3 ( 6.00)	1 ( 2.22)	4 ( 4.21)
Higher Secondary	9 (18.00)	3 ( 6.67)	12 (12.63)
Intermediate	2 ( 4.00)	1 ( 2.22)	3 ( 3.16)
Graduate	1 ( 2.00)	1 ( 2.22)	2 ( 2.10)
Total	50(100.00)	45(100.00)	95(100.00)

Note : Figures in brackets denote percentages

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The average family size of the sample households is 6.5 consisting of 3.4 adults and 3.1 children (Table V.8). The average family size is slightly larger in Banda district (6.8) as compared to Rae Bareli district (6.2). Most of the

Table V.8 : Distribution of Family Members per Household

Family Member	(Nos.)		
	Banda District	Rae Bareli District	Total
Adults	3.6 (52.94)	3.4 (54.84)	3.4(52.30)
Children	3.2 (47.06)	2.8 (45.16)	3.1(47.70)
Total	6.8(100.00)	6.2(100.00)	6.5(100.0)

Note : Figures in brackets denote percentages

families (69.46 per cent) have between 5 to 10 members, while around 10 per cent families have over 10 members (Table V.9). The larger size of the family reflects the continuation of the joint family system in the rural society.

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Table V.9 : Distribution of Beneficiaries According to Size of Family

(Nos.)

Size of Family	Banda District	Rae Bareli District	Total
Below 3	-	2 ( 4.44)	2 ( 2.11)
3 - 5	8 (16.00)	10 (22.22)	18 (18.95)
5 - 7	18 (36.00)	14 (31.12)	32 (33.68)
7 - 10	19 (38.00)	15 (33.33)	34 (35.78)
10 + above	5 (10.00)	4 ( 8.89)	9 ( 9.48)
Total	50(100.00)	45(100.00)	95(100.00)

Note : Figures in brackets denote percentages

#### V.2.6 Land Ownership

Asset ownership indicates the social and economic status of the households. The average size of land owned per household is 1.37 acre in Rae Bareli and 5.47 acres in Banda. While looking at the land distribution one should keep in mind that Banda is a dry and drought prone area with limited irrigation facilities and low land productivity.

Land ownership pattern of the beneficiary households is shown in Table V.10. The distribution pattern in the two districts was found to be different. In Rae Bareli 28.89 per cent of sample households were landless, while 53.34 per cent owned land upto 2 acres and 17.77 per cent owned land between 2 to 5 acres. On the other hand in Banda district 34.00

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beneficiaries were landless, 26.00 per cent owned land upto 2 acres, 20.00 per cent owned land between 2 to 5 acres, while another 20 per cent owned above 5 acres of land.

The land distribution pattern of the beneficiary households indicates that the benefits of the programme are leaking out to the non-eligible category of the medium and large farmers to a considerable extent, specially in Banda district.

Table V.10 : Distribution of Beneficiaries According to Land Owned

Land Owned (in acres)	(Nos.)		
	Banda District	Rae Bareli District	Total
Landless	17 (34.00)	13 (28.89)	30 (31.58)
Upto 1	2 ( 4.00)	7 (15.56)	9 ( 9.47)
1 - 2	11 (22.00)	17 (37.78)	28 (29.47)
2 - 3	6 (12.00)	6 (13.33)	12 (12.63)
3 - 5	4 ( 8.00)	2 ( 4.44)	6 ( 6.32)
5 & above	10 (20.00)	-	10 (10.53)
Total	50(100.00)	45(100.00)	95(100.00)
Average Size of Holding	5.47	1.37	3.45

Note : Figures in brackets denote percentages

### V.2.7 Livestock Ownership

Livestock ownership is an integral part of rural household economy. Nearly every household owns 1 milch

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animal and 1 draught animal (Table V.11). Goats, sheep and pigs are also owned on a limited scale. The livestock provide additional income to the households besides supplementing dietary requirement.

Table V.11 : Number of Livestock Owned per Beneficiary Household

Type of Livestock	(Nos.)		
	Banda District	Rae Bareli District	Total
Draught Animals	0.94	0.62	0.79
Milch Animals	1.02	1.16	1.08
Goats & Sheeps	0.06	0.27	0.16
Pigs	0.18	0.51	0.34
Total	2.20	2.56	2.37

#### V.2.8 Type of Residence

Type of residential accommodation also indicates the economic status of the households. In our sample only around 25 per cent of households were living in pacca houses, while the remaining had only kachcha houses, indicating the generally poor status of the beneficiary households (Table V.12).

Table V.12 : Distribution of Beneficiaries According to Type of House Owned

(Nos.)

Type of House	Banda District	Rae Bareli District	Total
Pakka	12 (24.00)	12 (26.67)	24 (25.26)
Kachcha	38 (76.00)	33 (73.33)	71 (74.74)
Total	50 (100.0)	45 (100.0)	95 (100.0)

Note : Figures given in brackets denote percentages.

### V.3 Impact on Beneficiaries' Income

The impact of IRDP assistance on beneficiaries has been analysed in terms of the additional income generated by the assets purchased. Income generation has been further analysed in terms of schemewise income generation and blockwise income generation. Finally the mobility of the beneficiary households across different income levels has also been looked at and the proportion of households crossing the poverty line has been estimated.

#### V.3.1 Net Income Generated

Gross and net income generated per beneficiary household has been shown in Table V.13. The average investment of Rs.9,024 for the entire sample generated a gross income of Rs.13,804 and net income of Rs.6,968. Net addition to household income by the assistance came to

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Rs.5,565 after accounting for loan repayment during the year. This compares with the level of Rs.5,632 earned from other sources.

Table V.13 : Gross and Net Income Generated per Beneficiary Household

(in Rs.)

Income	Banda District	Rae Bareli District	Total
Investment	10430	7461	9024
Gross Income	19016	8012	13804
Cost of Raw Material	10382	4813	7744
Maintenance Cost	200	191	196
Net Income	8480	3007	6968
Loan Repaid	1699	851	1403
Net Annual Family Income from the Asset	6781	2156	5565
Net Annual Family Income from Other Sources	5883	5354	5632
Total Income	11970	7718	11050

It would be observed from Table V.13 that the amount of investment and income generation per beneficiary household is considerably lower in Rae Bareli district as compared to Banda district. Thus net income from the asset was only Rs.3,007 in Rae Bareli as compared to the figure of Rs.8,480 in Banda. Net family income from the asset amounted to 27.9 per cent and 56.6 per cent of total household income in the two districts respectively.

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Out of the 95 sample households as many as 84 households (88.42 per cent) report a higher level of current income as compared to the pre-assistance income.

In 13.68 per cent cases the increase was less than 25 per cent, in 20.00 per cent cases it was between 25 and 50 per cent. Net increase in income was between 51 and 100 per cent in case of 30.53 per cent households and above 100 per cent in 24.21 per cent households (Table V.14).

In case of 4 households in Banda and 7 households in Rae Bareli the current income is less than the pre-assistance income. Reasons for the decline in income include illness, accident, purchase of unproductive assets like young bullocks, death of asset purchased, unsuccessful boring, lack of market, etc.

Table V.14 : Distribution of Beneficiary Households by Percentage Increase in Total Annual Household Income

(Nos.)

Per Cent Increase in Household Income	Banda District	Rae Bareli District	Total
Nil	4 ( 8.00)	7 (15.56)	11 (11.58)
Upto 25	3 ( 6.00)	10 (22.22)	13 (13.68)
26 - 50	14 (28.00)	5 (11.11)	19 (20.00)
51 - 100	13 (26.00)	16 (35.55)	29 (30.53)
101 & Above	16 (32.00)	7 (15.56)	23 (24.21)
Total	50(100.00)	45(100.00)	95(100.00)

Note : Figures given in brackets denote percentages.

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### V.3.2 Activity-wise Income Generation

It is instructive to look at activity-wise net income generated as a result of IRDP assistance shown in Table V.15. Net income generated in the primary sector was found to be the least, particularly in the case of minor irrigation. The small size of holding of the beneficiaries restricts them from reaping the full benefit of pump sets. Milch animals yield a higher return as compared to minor irrigation. Returns in this scheme would be higher if better quality animals are provided and arrangement for adequate feed is made.

Very few beneficiaries had taken loan for secondary sector activity. While the returns in case of village industry (toy making) were fairly high, in case of chikan industry returns were quite low.

Tertiary sector was found to be the most productive in terms of level of income generation as well as productivity of investment. A large number of beneficiaries have taken loans for shops and trade (including groceries, general merchant, sweet shop, skins and leather, etc.). The income-investment ratio under shops/trade was 0.89 in Banda district and 0.70 in Rae Bareilly district. Returns to tailoring are also fairly high, particularly in Banda.

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Table V.15 : Activity-wise Average Investment and Net Income

Sector/Scheme	Banda District			Rae Bareli District		
	Invest- ment	Net Income	Income- Invest- ment Ratio	Invest- ment	Net Income	Income- Invest- ment Ratio
Minor Irrigation	11000	507	0.05	11475	1770	0.15
Milch Animal	8667	7068	0.82	7978	2786	0.35
Piggery	10400	5000	0.48	7733	1917	0.23
<u>Primary Sector</u>	8750	5007	0.57	9026	2373	0.26
Rural Industry	10300	7700	0.75	-	-	-
Chikan Work	-	-	-	4000	1000	0.25
<u>Secondary Sector</u>	10300	7700	0.75	4000	1000	0.25
Tailoring	12000	21600	1.80	4750	3319	0.70
Shops/Trade	10926	9773	0.89	7364	5150	0.70
Others	12000	12500	1.04	-	-	-
<u>Tertiary Sector</u>	10957	9578	0.87	5586	4365	0.78
All Sectors	10390	8406	0.81	7661	2992	0.39

Note : Net income has been computed by deducting cost of material and maintenance from gross income.

It is also observed from Table V.15 that in all schemes except minor irrigation net income generated as well as income-investment ratio is distinctly higher in Banda district as compared to Rae Bareli district. Thus per

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beneficiary net income from the asset provided comes to Rs.8406 in Banda as compared to the figure of Rs.2992 for Rae Bareli. Similarly income-investment ratio is 0.81 for Banda as compared to 0.39 in Rae Bareli. This can be attributed to the higher level of investment as well as a favourable scheme wise pattern of assistance in Banda district.

Apart from this certain favourable locational factors have boosted the average level of net income in Banda district. The villages selected for study in Banda district are located near the famous pilgrimage centre of Chitrakoot, where mela is held on every Amavasya. This provides a ready and good market for products like sweet meat, wooden toys, etc. It is mainly because of this that average turnover and income levels are found to be high in case of beneficiaries selected in Banda district. The beneficiaries of Rae Bareli district, on the other hand, are not favoured with such an advantageous market situation.

### V.3.3 Mobility Across Income Categories

The impact of the programme on the income level of the assisted households can be meaningfully analysed in the framework of before and after income level situation as shown in Table V.16. The favourable impact of the programme can be seen from the high mobility among assisted households to higher income category. Out of the 95 assisted families only 15 remained in the earlier income category, 76 moved to a higher income category, while 4 slipped down to a lower

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income category. Highest income mobility is seen across the income category 4000 - 6000 and 6000 - 8000. In many cases the assisted families have crossed to a much higher income category. There were 13 households in the lowest income category (upto 4000) before receiving assistance. This number declined to 5 after receiving assistance. Similarly the number of households in the income category 4000 - 6000 declined from 46 to 13 after assistance. Similar reduction is seen in other income categories as well indicating a general upward mobility among the beneficiary households.

Table V.16 : Distribution of Beneficiary Households by Income Category Before & After Assistance

(Nos)

Income Category Before Assistance (Rs.)	Income Categories After Assistance (Rs.)							
	<4000	4000-6000	6000-8500	8500-11000	11000-15000	15000-20000	20000 & Above	
< 4000	13	4	7	2	-	-	-	-
4000- 6000	46	1	5	22	8	7	2	1
6000- 8500	17	-	-	4	4	5	3	1
8500-11000	11	-	1	2	1	3	3	1
11000-15000	3	-	-	-	-	1	-	2
15000-20000	2	-	-	-	-	-	-	2
20000 & Above	3	-	-	-	-	-	-	3
Total	95	5	13	30	13	16	8	10

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#### V.3.4 Impact on Poverty Levels

Though the performance of IRDP is quite encouraging in terms of the observed upward income mobility among the households, this does not necessarily mean that the programme has succeeded in the final objective of bringing the assisted families above the poverty line. Out of the 95 beneficiaries in our sample 8 (8.42 per cent) were already above the poverty level of Rs.11000 before receiving assistance. Out of the remaining 87 beneficiary households which were below poverty line of Rs.11000 the programme helped 26 (29.88 per cent of the poor families and 27.37 per cent of the total families) to cross the poverty line.

Out of the 26 assisted families which crossed the poverty level of Rs.11000, 7 were in the income category 85000-11000 before assistance, 9 were in the income category 6000-8500 and 10 were in the income category 4000-6000. None of the 13 families in the lowest income group of less than 4000 could cross the poverty line in spite of assistance, though 9 of them did move to a higher income category. This would suggest that the capacity of the poorest of the poor to gain from self employment programmes is relatively less and wage employment programme may be more suitable for them.

#### V.4 Conclusion

The main conclusions of this chapter may be briefly summarized here. The occupational analysis of the benefi-

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ciaries reveals that the majority of beneficiaries belonged to the business or cultivating classes, whereas the really assetless population like agricultural labourers and artisans are being neglected. In Banda district the proportion of SC/ST and women beneficiaries was found to be below the target level being only 26 and 22 per cent, but the proportion was satisfactory in Rae Bareilly district. About 50 per cent of the beneficiaries in our sample were illiterate and 16 per cent merely literate. The average family size of the sample is 6.5 consisting of 3.4 adults and 3.1 children.

The average size of land owned for the sample was 1.4 acres in Rae Bareilly and 5.5 acres in Banda. A fair proportion owned more than 2 acres of land. On average every household owned 1 milch animal and 1 draught animal. Around 75 per cent of the beneficiaries were living in kachcha houses reflecting their poor economic status.

Average investment for beneficiary amounted to Rs.9024 yielding a net income of Rs.6968. Nearly 90 per cent of the sample beneficiaries reported an increase in income. In case of around 55 per cent beneficiaries income increase was over 50 per cent of the pre-assistance income.

Level of income generation varied from scheme to scheme. Activities in the tertiary sector were found to be most profitable, while those in primary sector were least so. Locational advantage in terms of market and level of investment explain the differences in the productivity of

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investment, which was found to be distinctly lower in Rae Bareli as compared to Banda.

The study reveals that IRDP assistance has helped the majority of the beneficiaries to improve their income levels, which is reflected in the high degree of upward mobility along the income ladder. However, on the acid test of crossing the poverty line, the programme does not appear to be very successful as hardly 30 per cent of the assisted families crossed the poverty line. Most of the families crossing the poverty line were nearer the poverty line before assistance. The capacity of the poorest of the poor to come above the poverty line through self employment programmes seems to be relatively weak. Wage employment programme may be more suitable for them.

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## CHAPTER VI

### MAIN FINDINGS AND SUGGESTIONS

#### VI.1 Introduction

Integrated Rural Development Programme enjoys a place of pride among the various target group oriented poverty alleviation programmes adopted by the government. Increasingly larger resources have been committed for the programme. The physical and financial achievements of IRDP have been quite impressive in their sheer magnitude. There is no doubt that the programme has helped in generating additional income and employment for a large number of poor households. However, the implementation of the programme has not been without blemish as a large number of evaluative studies have pointed out. Misidentification of the beneficiaries, inadequate level of assistance, leakages and irregularities in distribution of funds and purchase of assets, large overdues, delays in sanction of loans, lack of follow up, inadequate monitoring are some of the well known administrative lapses in the implementation of IRDP. Critics have also highlighted the inadequacies in the conceptualization and operationalization of the programme.

## VI.2 The Present Study

TRDP is essentially a credit based programme. Inadequate and poor quality of credit support, lack of sectoral balance in the selection of schemes for financing, poor attention to loan repayment are some of the credit related problems, which have been a cause of concern for the planners and administrators. The present study has been undertaken in this context. Its main focus is on the quality of credit support to TRDP and the planning of the programme with respect to non-agricultural sector. The study also looks at other related aspects of the formulation and implementation of the programme at the district level and its impact on the economic condition of the beneficiaries.

For the purpose of the study two districts of the state, namely, Banda and Rae Bareli were selected.

The study is based upon interviews with district level development officials and bank officials and examination of office records at the DRDA, block office and bank branches and the district lead banks. In addition, a field survey was conducted in the two districts to examine the planning and implementation of the programme at the grass-root level. A survey of 95 beneficiaries (45 in Rae Bareli and 50 in Banda) spread over 10 villages of the two districts was also carried out with the help of structured questionnaire to assess the impact of the scheme and to elicit the views of the beneficiaries about the problems faced.

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### VI.3 The Study Area

The two districts selected for study present contrasting scenario. Banda is located in the Bundelkhand region in the dry southern plateau, whereas Rae Bareli is located in Central region in the middle Gangetic plains. Both the districts are economically backward. Nearly 90 per cent of the population lives in the rural areas. Over 80 per cent of the workforce is engaged in the primary sector. Manufacturing activities both in the traditional and modern sector are very poorly developed and provide employment to less than 5 per cent of the workforce. Marginal and small holdings account for nearly 80 per cent of operational holdings in Banda and 95 per cent of holdings in Rae Bareli. Land distribution is particularly skewed in Banda, where 8.32 per cent of medium and large holdings account for 40.25 per cent of area.

This brief discussion of the socio-economic environment highlights the extreme backwardness of the study region. There is an overwhelming dependence on the agricultural sector with little diversification of the economy. Agriculture itself continues to be traditional and subsistence oriented with low productivity. In such an environment it is extremely difficult to find out and successfully promote non-agricultural activities either in the secondary or the tertiary sector. In Banda district, where irrigation facilities are limited the scope of even

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agricultural development is constrained. Dairying presents more promising prospects, but needs strong organizational support in terms of infrastructure and linkages.

There is widespread poverty and illiteracy in the study area, which has bred an attitude of apathy and indifference among the people. The traditional feudal atmosphere still prevails which was found more noticeable in Banda district, where large holdings still predominate. The district is also prone to dacoity, atrocities on the scheduled castes and oppression of the poor. Thus, the social and cultural milieu is not conducive to economic progress and also adversely affects the working of the various development programmes including IRDP.

#### VI.4 Programme Formulation

Plan formulation has remained a weak link in decentralized planning. No attempt has been made to prepare a perspective plan for the district and evolve a strategy of development in the light of local resources, needs and potential. Perhaps it is too much to expect this from the district level authorities given the limitation of district level planning machinery and the heavy pressure of work to fulfil the targets.

We did not get any evidence of such an effort at preparing a long term perspective of development in the study area. The annual planning exercise is done in a routine

manner. The annual action plan gives activitywise and blockwise breakup of physical and financial targets, which confirm to the targets laid down from above. Proper integration of these targets and their linking with local resources leave much to be desired. Proper forward and backward linkages are also not adequately assured.

#### VI.5 Targets and Achievements

The targets and achievements show year to year variations over the past three years. The coverage of beneficiaries in Rae Bareilly district was 10,578 during 1991-92, 8525 during 1992-93 and 10,022 during 1993-94. In Banda the coverage sharply declined from 7068 in 1991-92 to 5663 in 1992-93 and to 3616 in 1993-94. The sub-category norms have been generally met. The proportion of SC/ST beneficiaries has been between 50 to 60 per cent and that of women beneficiaries between 35 and 40 per cent. That the programme is running into difficulties in the two districts is revealed by the fact that during 1993-94 only 47.50 per cent of the available funds in Banda and 69.05 per cent of the funds in Rae Bareilly could be utilized.

The volume of per capita assistance has been going up and amounted to Rs.12,690 and Rs.13,159 in Rae Bareilly and Banda districts respectively during 1993-94. Though the per unit level of assistance may be regarded as adequate, it has been achieved at the cost of lower coverage.

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## VI.6 Sectoral Composition of Beneficiaries

The sectoral targets are decided in an ad-hoc and mechanical manner. Generally easily identified schemes are selected without much effort at innovation or systematic study of potential or demand. At the local level it is the VDO, who bears the sole responsibility for identification of the beneficiaries and the type of assets to be given to them.

In Banda district, where scope for agriculture and livestock based activities is limited, primary sector generally accounted for less than 40 per cent of the schemes. However, in Rae Bareilly district nearly 70 per cent of the schemes were related to the primary sector, notably dairying. Thus, the existing resource base seems to be affecting the sectoral pattern of assistance. There is a need for a more systematic approach to identification of schemes to promote growth and diversification of the rural economy.

## VI.7 Implementation of the Programme

The field survey revealed a number of deficiencies in the implementation of the programme, which have been observed in other parts of the country as well :

- (i) The selection of beneficiaries is largely left to the VDO and the meetings of the Gaon Sabha are rarely if ever held for the purpose, leaving scope

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for favourism and malpractices. Thus 12.0 per cent of beneficiaries in Banda and 4.5 per cent in Rae Bareli had a household income above the poverty line of Rs.11,000.

(ii) Applications and recommended schemes are also prepared in a cursory and routine manner. We came across bunches of applications giving same level of household income and same details of the scheme for assistance. Only 10 per cent of the sample beneficiaries were provided Vikas Patrika.

(iii) The process of obtaining assistance is not without its hassels. 64.0 per cent of the beneficiaries in Banda and 34.0 per cent of the beneficiaries in Rae Bareli reported that they had to face problems in obtaining bank loan. On an average a beneficiary had to pay 12 visits to various offices before he is able to obtain the asset. On an average a beneficiary had to spent Rs.166 on these visits, in addition to the loss of work or earning elsewhere. The problem of graft in obtaining loans was also widely reported specially in Banda district. About 15 to 20 per cent amount of total assistance is generally reported to be shared with bank and block functionaries. These malpractices affect the willingness of the villagers to opt for TRDP assistance.

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(iv) The system of procurement of assets has been simplified. Now the amount of loan is credited to the account of the beneficiary in the bank and he is free to make purchase of asset according to his own choice. While convenient this system opens chances of misutilization or partial utilization of the assistance. Reservation was expressed by bank officials on the new system of procurement of assets. In Rae Bareilly an attempt was made by DRDA authorities to procure better quality milch buffaloes for IRDP beneficiaries from Haryana. This again led to cheating by local middlemen. The quality of imported livestock though better than local livestock was generally not found upto the mark. Further, the poor beneficiaries were not in a position to give adequate feed to the livestock, thereby affecting their milk yield.

(v) About half of the beneficiaries reported that the quality of the asset provided was good, while another 40 per cent found the quality of asset as average. Less than 10 per cent of beneficiaries found the quality of asset as poor.

On the site inspection by the investigating team revealed that in case of 85 (90.5 per cent) of the total 95 sample beneficiaries the asset provided was intact. In 9 cases the asset was not found intact

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and was reported to be either dead or was sold off by the beneficiary or was lying damaged.

(vi) Only 26 beneficiaries (27.4 per cent) reported that the asset has been insured. Only 10 out of these beneficiaries reported receiving subsidy for insurance of asset. Repayment claim was made by 4 sample beneficiaries, out of which only 1 reported having received the claim. Thus, it appears that insurance aspect is not receiving adequate attention.

(vii) The average amount of assistance received per sample beneficiary comes to Rs.7684 in Rae Bareli and Rs.10,800 in Banda. Average amount of loan per beneficiary came to Rs.4873 and Rs.7153 in the two districts respectively. Accordingly 35.6 per cent of beneficiaries in Rae Bareli found the assistance inadequate as compared to 12 per cent in Banda. Again 33.3 per cent of beneficiaries in Rae Bareli reported that provision for working capital has not been made, whereas this proportion was only 6 per cent in Banda.

(viii) The success of TRDP schemes depends considerably on the availability of adequate backward and forward linkages and sustained care and guidance by developmental and banking functionaries. Our study reveals that adequate support in terms of input, repair or marketing facilities are not available to

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the beneficiaries. As shown in Table III.12 36.0 per cent of sample beneficiaries in Banda and 44.4 per cent in Rae Bareilly found the situation about availability of inputs as inadequate. Problem of marketing was reported by even a larger proportion of beneficiaries - 46.0 per cent in Banda and 53.3 per cent in Rae Bareilly. Similarly more than 55 per cent beneficiaries reported lack of repair and maintenance services.

- (ix) Training was provided to a very limited number of beneficiaries. Only 4 of the sample beneficiaries in Rae Bareilly had received formal training under TRYSEM, while 2 other beneficiaries had received informal training on their own. However, none of the sample beneficiary in Banda had received any type of training. Thus, the TRYSEM programme does not seem to be well linked up with asset provision under TRDP.

#### VI.8 Credit Support

Institutional credit is a vital link in TRDP. The programme basically runs on the bank loans provided to the selected beneficiaries. The quality of bank credit as reflected in its adequacy, ease and speed and supervision exercised by the bank officials plays a key role in the success of the programme.

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The financial infrastructure is fairly widespread in the study area. There are 139 branches of different financial institutions in Banda district and 165 in Rae Bareilly district. The financial health of these institutions, however, leaves much to be desired. Consequently the credit deposit ratio is quite low. In case of commercial banks it was 45.2 and 58.5 in Banda and Rae Bareilly districts respectively in 1991. The priority sector lending as per cent of total credit in 1991 was as high as 87.6 in Banda and 66.3 in Rae Bareilly. This is indicative of the low investment opportunities in the district.

The financial position of the Regional Rural Banks, which play an important role in IRDP loaning, is far from satisfactory. The accumulated losses amount to Rs.361.68 lakhs in case of Rae Bareilly Kshetriya Gramin Bank and Rs.775.84 lakhs in case of Tulsi Gramin Bank, Banda. The latter has been identified among the sick RRBs, which need to be restructured. The unhealthy financial position of the RRBs has affected the programme of IRDP lending adversely.

Another important factor affecting the implementation of the programme is lack of proper coordination between the developmental and financial institutions. This is one of the major factors affecting the implementation of the programme. The district officials blame the bank officials for lack of a cooperative attitude and for being too conservative in their approach to lending. The bank officials, on

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their part, put the blame on district officials for delay in sending the applications, ill prepared applications and non cooperation in realisation of arrears. Vigilance enquiries instituted against some bank officials have created an atmosphere of tension.

The field survey also revealed a number of deficiencies in the working of the banking institutions. The loanees feel harassed by the cumbersome and dilatory procedures in obtaining loan. We have already reported that a beneficiary has to pay on an average 4 visits to the banks to obtain the loan. The overall time taken in the loaning process is nearly 2 months. It was observed that the applications are forwarded by the block office within a day or two of receipt, though without proper scrutiny, to the concerned bank. Banks take around 45 days in scrutinizing the applications and sanctioning the loan, while another 10 days are taken in actual disbursement of loans. The asset is generally purchased within two weeks of loan disbursement. The period of purchase was distinctly longer in Rae Bareilly. We may recall that in the latter district milch cattle were purchased from as far as Haryana.

A major reason of delay in processing of application by bank officials is that applications are often sent in a bunch together by block officials. If applications are sent in a properly phased out manner it may help in reducing the delay in the process of their scrutiny and sanction.

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Another important lapse which came to light during our survey was that only 45 (47.4 per cent) of the 95 sample beneficiaries reported having received the pass book.

We may now analyse the repayment behaviour of the sample beneficiaries. The average amount repaid at the time of field survey was Rs.1731 in Banda and Rs.1448 in Rae Bareli. As a proportion of total loan per beneficiary the amount repaid came to 24.20 per cent and 29.71 per cent respectively for the two districts. As many as 20 per cent of the sample beneficiaries have not repaid a single instalment so far, while in another 27 per cent cases less than 20 per cent of loan amount has been repaid. Hardly 20 per cent beneficiaries have repaid more than 60 per cent of the loan.

Nearly 54 per cent of the sample beneficiaries reported overdues. The percentage of beneficiaries reporting overdues was 66 in Banda and 38 in Rae Bareli. The average amount outstanding was much larger in Banda district (Rs.1368) as compared to Rae Bareli (Rs.752). As a proportion of average loan overdues amounted to 19.12 per cent in Banda and 15.43 per cent in Rae Bareli district. In 34 per cent cases amount of overdues was less than Rs.1000 and in 44 per cent cases overdues were between Rs.1000 and Rs.3000. In the remaining 22 per cent cases overdues exceeded Rs.3000.

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It will be observed that in Banda district the problem of overdues is more serious both in terms of persons reporting overdues and the amount of overdues. This was in spite of the fact that income generation was reported to be higher in this district. We can relate the extent of overdues to the social milieu of the district which was found to be more feudal and dominated by larger holdings. Hence, the extent of wilful neglect seems to be larger in this district.

As reported by LDB officials of the district total collection for all banking institutions during 1992-93 amounted to Rs.13.74 crores, which was only 42.2 per cent of the total demand of Rs.32.54 crores. TRDP overdues were reported to be 37 per cent of total overdues. As on 31.6.93 as many as 40970 recovery cases involving an amount of Rs.12.78 crores were filed.

In Rae Bareilly also the position was hardly different, recovery percentage for total priority sector lending being 57.5 per cent. Out of the total overdues of Rs.6.39 crores, 43.22 per cent were overdue for a period upto 1 year, 23.6 per cent for 1 to 3 years and 54.42 per cent for over 3 years. 7870 recovery cases involving an amount of Rs.3.97 crores are pending before the revenue authorities in the district.

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## VI.9 Impact on Beneficiaries

The occupational analysis of the beneficiaries reveals that the majority of beneficiaries belonged to the business or cultivating classes, whereas the really assetless population like agricultural labourers and artisans are being neglected. In Banda district the proportion of SC/ST and women beneficiaries was found to be below the target level being only 26 and 22 per cent, but the proportion was satisfactory in Rae Bareilly district. About 50 per cent of the beneficiaries in our sample were illiterate and 16 per cent merely literate. The average family size of the sample is 6.5 consisting of 3.4 adults and 3.1 children.

The average size of land owned for the sample was 1.4 acres in Rae Bareilly and 5.5 acres in Banda. A fair proportion owned more than 2 acres of land. On average every household owned 1 milch animal and 1 draught animal. Around 75 per cent of the beneficiaries were living in kachcha houses reflecting their poor economic status.

Average investment per beneficiary amounted to Rs.9024 yielding a net income of Rs.6968. Nearly 90 per cent of the sample beneficiaries reported an increase in income. In case of around 55 per cent beneficiaries income increase was over 50 per cent of the pre-assistance income.

Level of income generation varied from scheme to scheme. Activities in the tertiary sector were found to be

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most profitable, while those in primary sector were least so. Locational advantage in terms of market and level of investment explain the differences in the productivity of investment, which was found to be distinctly lower in Rae Bareli as compared to Banda.

The study reveals that IRDP assistance has helped the majority of the beneficiaries to improve their income levels, which is reflected in the high degree of upward mobility along the income ladder. However, on the acid test of crossing the poverty line, the programme does not appear to be very successful as hardly 30 per cent of the assisted families crossed the poverty line. Most of the families crossing the poverty line were nearer the poverty line before assistance. The capacity of the poorest of the poor to come above the poverty line through self employment programmes seems to be relatively weak. Wage employment programme may be more suitable for them.

#### VI.10 Suggestions

In spite of the various deficiencies observed in the formulation and implementation of the programme, we find that IRDP assistance has a favourable impact on the economic conditions of the beneficiaries, even though a limited number are able to cross the poverty line. If a more determined effort is made to overcome these deficiencies the performance of the programme can be further improved and its benefits

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enhanced. It is for this purpose that a few suggestions emanating from the present study are given below.

#### VI.10.1 Better Programme Formulation

Much greater attention needs to be paid to the plan formulation aspect on systematic lines. A long term perspective plan for the district in the light of the local resources, needs and constraints should be prepared, which can provide a suitable framework for preparation of annual plans. In this way proper sectoral integration of district level programmes and their linking with local resources and skills can be ensured. Backward and forward linkages for different types of schemes have to be planned in advance with much greater care and thought.

The district and block level officials have to show much greater initiative in developing innovative productive schemes in the light of the local resources and potentials. Systematic surveys for identification of available raw materials, skills and markets need to be carried out. This would require a more collective and interactive process in which development officials, bankers, educational institutions, NGOs, businessman and local leaders should be involved. Seminars and discussions with wider participation at district and block levels can be very helpful in identifying suitable schemes and activities for development.

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Much more detailed micro level planning exercises on the above lines need to be carried out at the block and village cluster levels, which is the suitable unit for planning of IRDP. The service area plans of the banks provide a good starting point around which these micro planning exercises can be carried out. The household plans for the beneficiaries can then be linked up with these village cluster plans, providing proper linkages.

In view of the wide diversities in the natural and economic situation across district uniform or strict guidelines for sectoral targets cannot be practical. But a much more careful thought has to be given to sectoral targets in the light of local potential and need. Too much emphasis on easily identifiable schemes like dairying or minor irrigation need to be avoided. At the same time there is a need to ensure that the programme makes a systematic contribution to diversification of the rural economy. Particular attention is required to be paid to the promotion of secondary sector activities, which have been much neglected.

#### VI.10.2 Effective Programme Implementation

Concerted efforts are required to tone up the quality of plan implementation. More careful attention needs to be paid to the identification of the beneficiaries, which

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should not be left to the VDO alone. Beneficiaries should be selected in the meetings of the Gaon Sabha. The approval of Village Pradhan cannot be treated as a substitute for such meetings. Assessment of household income has to be done more methodically. Non-eligible beneficiaries can be weaned out if attention is paid to land, livestock and other assets owned by them.

The pressure of fulfilling the targets laid down from above forces an indifferent attention to the suitability and willingness of the beneficiaries. The officials often find it difficult to identify a given number of beneficiaries in the block. As a result loans are sometimes thrust upon unwilling people. It may perhaps be better if a smaller number but more motivated persons with entrepreneurial capability are selected. Success of these cases is likely to have a demonstration effect on the rural poor. Less motivated rural poor may be covered by other programmes like JRY. These issues, however, require a decision at the national level. Performance appraisal may not be restricted to just the fulfilment of physical target, but may cover the viability and impact of the programme as revealed in increase in income, regular payment of instalment, etc.

The freedom given to the beneficiaries for purchasing assets of their choice is a welcome feature. But care and supervision is required to see that the asset purchased is not of a inferior variety and the funds are not

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being misdirected for other purposes. Insurance of assets should also be ensured.

The unit cost of assistance has gone up considerably over the years and is fairly adequate in most of the cases. The income - investment ratio is quite encouraging. In fact the schemes are generally viable in economic terms even without subsidy. Hence, policy makers should think in terms of gradually phasing out the subsidy, which is the source for leakages and malpractices. If they are to be retained they should be linked to the repayment of loan by the beneficiary and not adjusted at the beginning of the loan. This will also provide a built-in incentive for loan repayment and check default.

For ensuring the viability of the assistance provided sustained after care and support must be provided by the block as well as bank functionaries in terms of provision of inputs, repair facilities and marketing. Individual beneficiaries in remote villages often find themselves in a hopeless position to deal with them. They should be encouraged to form their associations and cooperatives to overcome these handicaps.

Short period training programmes in entrepreneurship and skill development should be organised for the selected beneficiaries as per their requirements. TRYSEM programme should be linked up with asset provision under IRDP.

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### VI.10.3 Improved Credit Support

Credit support is the life blood of the IRDP. Its smooth flow has to be ensured for the success of the programme. A number of measures are required at the organisational as well as procedural level to improve the quality of credit support. At the organizational level the first step is to restore the financial health of the banking institutions, particularly the Regional Rural Banks after a thorough analysis of the factors ailing the system. Rural bank branches should be manned by highly motivated, committed and trained persons. Extra staff needs to be pruned down by weeding out the dead wood. During the period these ailing institutions are restored to health the flow of refinance facility should be maintained.

A friendly and cooperative relationship between the developmental and banking bureaucracy is necessary for the smooth working of a programme like IRDP. Things are far from satisfactory in this respect at present. Both sides have to make an effort in this direction. In some cases change of personnel may be called for to improve the situation.

A major factor affecting the financial health of the banking institutions is the high level of overdues. Concerted efforts are needed in this direction. Loanees should be properly informed and reminded of the amount and date of repayment of instalments. A systematic effort at

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persuasion by bank and block officials is expected to sharply improve the position regarding repayment of loans. Monthly meetings at the village level should be organised for this purpose. As suggested earlier subsidy can be related to repayment of loans. Repayment also needs to be linked with the earning cycle of the beneficiary.

The unit costs of schemes should be regularly revised so that the amount of assistance is adequate to cover the cost. Arrangement for working capital requirement also need to be made.

The procedure for loan sanction and disbursement needs to be made simpler and quicker so that the beneficiaries do not feel harassed and encouraged. Timely and regular submission of applications to banks will help in reducing the time lags and fulfilment of the annual targets. Bank pass books should be made available to all the loanees and should be kept upto date. The tendency on part of bank officials to avoid field visits should be curbed. They should be encouraged to visit the field more often and keep a close and regular touch with the beneficiaries both during the pre loan sanction and post loan sanction stages.

#### VI.10.4 Strong Vigilance

The problems of corruption, leakages, misuse and malpractices are quite rampant and have given an unsavoury reputation to the programme and those associated with it.

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However, an undesirable feeling of acceptance or helplessness has developed and very little efforts are made to check these wrong practices. There is thus a great need of strengthening the vigilance system to book and punish the guilty. Development programmes should not become a medium for corroding society's moral fibre, more so in a programme like IRDP touching the lives of millions of the people.

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